ITINERA

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

31ST DECEMBER 2018

ITINERA

Consolidated Financial statements and Financial statements as at 31st december 2018

Share Capital Euro 86,836,594 fully paid-in
Registered offices in Tortona (AL) – Via M. Balustra n. 15
Tax code, VAT number and Business Registry of Alessandria number: 01668980061
Direction and coordination: ASTM S.p.A.

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General information

MEMBERS OF THE COMPANY BODIES

BOARD OF DIRECTORS

Chairman
Rosario Fiumara

Managing Director
Massimo Malvagna

Directors
Giulio Burchi
Giuseppe Gatto
Luca Pecchio

BOARD OF AUDITORS

Chairman
Andrea Bo

Standing Auditors
Roberto Coda
Massimo Trotter

Alternate Auditors
Fossati Daniele
Pietro Ratti

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A

DURATION

The Board of Directors was nominated by the Shareholders' Assembly held on 10 April 2017 for three financial years and thus will expire with the Assembly to approve the 2019 financial statements.
The Board of Auditors was nominated by the Shareholders' Assembly held on 10 April 2017 for three financial years and thus will expire with the Assembly to approve the 2019 financial statements.
The Auditing firm was appointed upon a resolution by the Shareholders' Assembly held on 12 April 2016 for 9 financial years and thus will expire with the Assembly to approve the 2024 financial statements.

CORPORATE BODY POWERS

The **Chairman** and **Managing Director** hold the offices and exercise the rights concerning Company Management based on Board of Directors' resolution dated 17 April 2018 and 18 April 2017 respectively


CASA

Summary data

Dear Shareholders,

The financial statements for the year ended 31 December 2018, prepared in accordance with IAS/IFRS international accounting standards and comprising the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash flow statement, the Statement of changes in shareholders' equity and Explanatory notes, and also accompanied by this Report on Operations, prepared pursuant to Civil Code art. 2428, are submitted for your approval.

Introductory considerations

The 2018 financial year was characterised by a considerable growth in business volumes compared to the previous year. In particular, despite the fact that some of the main foreign contracts in the Parent Company's portfolio were affected by delays in starting work for reasons not attributable to the company, essentially attributable to slowdowns in the administrative procedures for approving projects and in some cases in the completion and definition of the related financial frameworks, volumes on foreign markets have increased significantly while, as regards the production carried out on the domestic market, business has been substantially aligned with the previous year. In line with the strategic plan, the Company therefore continued to pursue growth abroad, with the aim of achieving, in contrast with the contraction of the domestic market, a "reconversion" aimed at the outlet on international markets, an operation which underlines complexity in operational terms.
In any case, in order to achieve this important objective, the Group has invested in the commercial sphere, in the implementation of the staff dedicated to following the possible initiatives in the various geographical areas of interest, in the departments dedicated to development and presentation of bids, in the subsequent control activity of the activities performed abroad; in addition, of course, to the necessary commitment in identifying quality figures in the operational area (area managers, project managers, site managers) and administrative-financial figures (administrative managers, cost controllers).

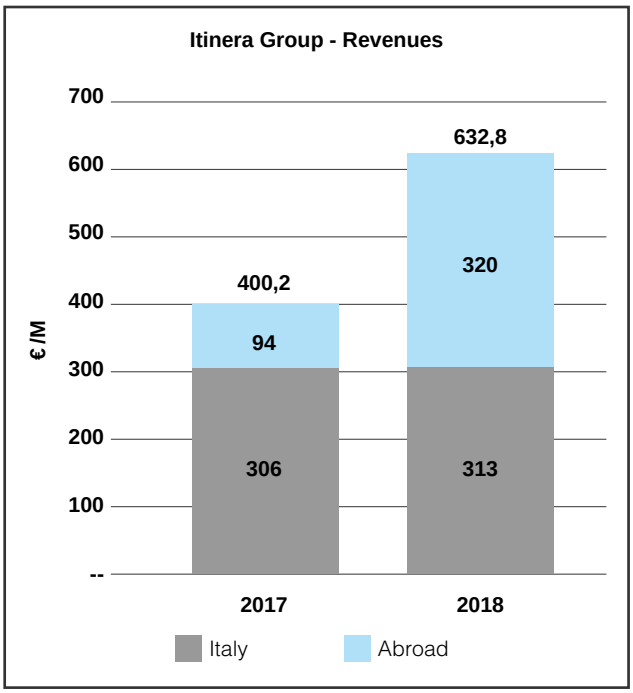
Itinera Group key economic and equity consolidated figures

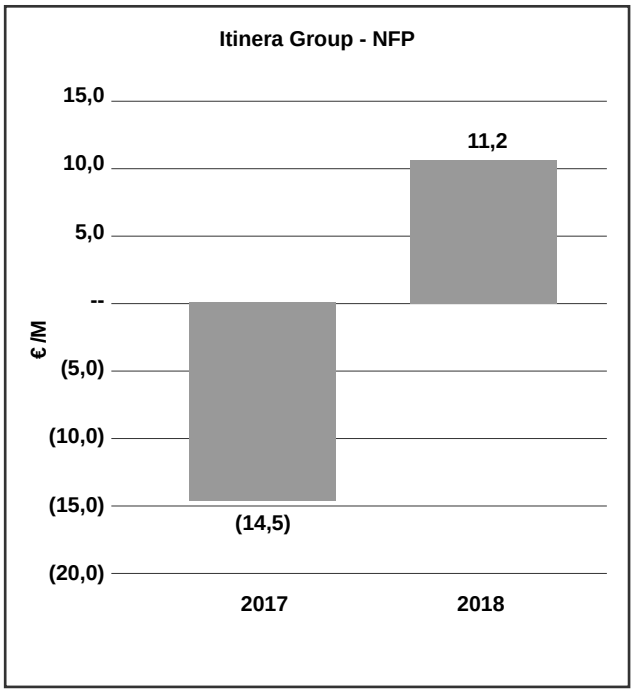
Within this scenario, oriented on the one hand to commercial and operational development, and on the other to organisational strengthening, the **production** of the Itinera Group reached, at the consolidated level, during 2018, the amount of 632.8 million Euro, posting an increase of approximately Euro 232.6 million (+ 58.1%) compared to the 2017 figure (equal to Euro 400.2 million).
The increase in volumes also had a positive effect on the economic results for the period, with **EBITDA** up approx. Euro 14.6 million from Euro 19 million in 2017 (4.8%) to the current Euro 33.6 million (5.3%) and **EBIT** from Euro 10.8 million in the previous year (2.7%) to Euro 23.7 million (3.8%).
Financial management, on the other hand, posts a decrease in results, from Euro (2.3) million to Euro (10.2) million, due in particular to the results of investee companies valued with the equity method, which generated a loss of approx. (11.2) million (compared to (1) million in 2017), deriving mainly from the results of the subsidiary in Oman (Euro - 6 million) and the results of the subsidiary Mill Basin (Euro - 5.7 million)

The **net profit** in the financial statements amounts to Euro 9.0 million, up compared to Euro 6.3 million in 2017.
With regard to the Group's balance sheet and financial position, **net financial position** (NFP) posts a positive balance of Euro 11.2 million at 31 December 2018, an improvement of Euro 25.7 million compared to the negative Euro (14.5) million in the previous year.
The data on NFP is to be evaluated in further positive terms, especially when compared with the difficult financial situation that characterises the panorama of Italian and international construction companies.

Net equity as at 31 December 2018 totalled Euro 233.2 million (Euro 239.9 million as at 31.12.2017).

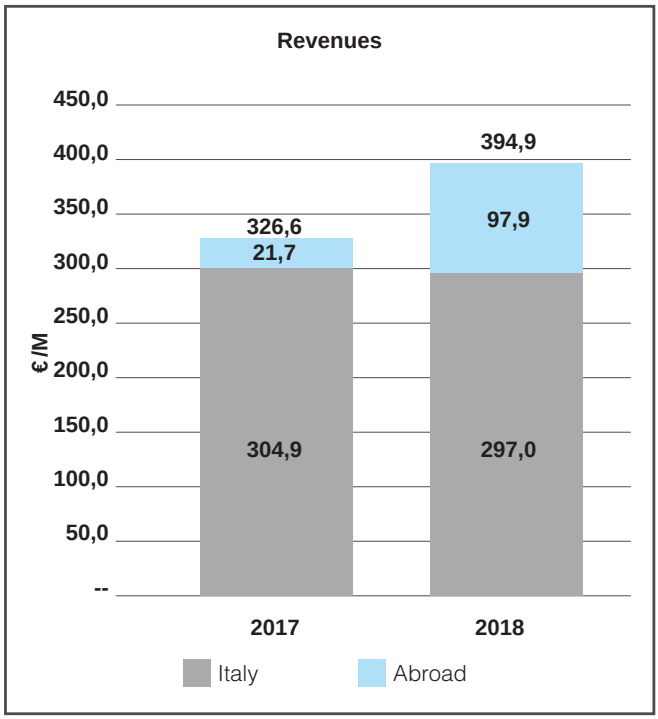
The **order portfolio** at Group level amounts to approximately Euro 4.9 billion, up compared to Euro 3.5 billion at the end of 2017, thanks above all to the volume of acquisitions, exceeding Euro 2.1 billion, concentrated in Northern Europe and the USA.

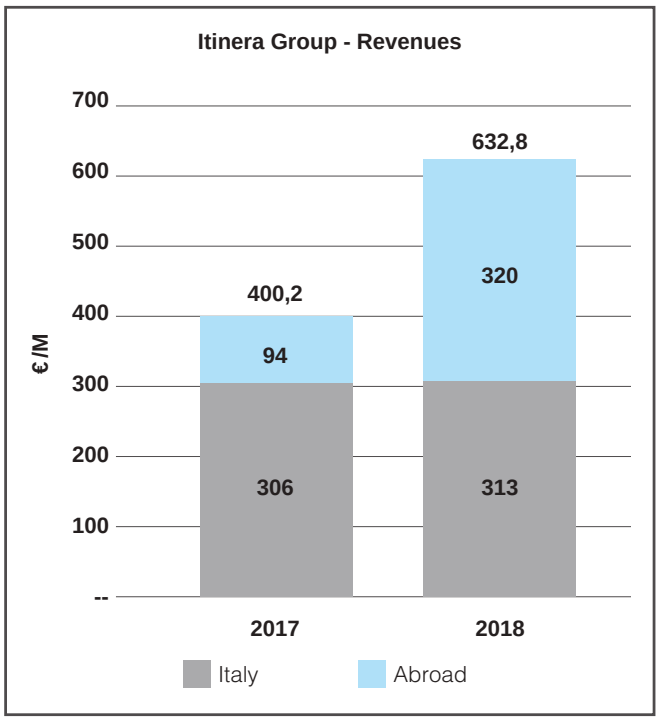




Itinera S.p.A. key economic and equity consolidated figures

With regard to the Parent Company and the main results achieved in 2018, **revenues** rose to Euro 394.9 million, an increase compared to Euro 326.6 million in the previous year; **EBITDA** increased by 2M compared to 2017, reaching Euro 17.7 million (equal to 4.51% of revenues) compared to Euro 15.7 million in 2017 (equal to 4.84%); **EBIT** is positive for 8.4 million Euro, equal to 2.13% of revenues (6.1 million Euro in 2017, equal to 1.86%).
Net results reached Euro 0.5 million (Euro 2.5 million in 2017).
The **net financial position** as at 31 December 2018 posted a negative balance of Euro 21.2 million, an increase compared to the negative balance of Euro 14.2 million posted as at 31 December 2017.
Net equity as at 31 December 2018 totalled Euro 216.9 million (Euro 235.7 million as at 31.12.2017).
Finally, the total **order portfolio** at year end was about Euro 3.8 billion.





Summary statements - Itinera Group consolidated income statement figures (IFRS)

(VALUES IN EURO/000)

	31.12.2018 CONSOLIDATED	31.12.2017 CONSOLIDATED
Revenues	632.796	400.197
Operating costs	(599.182)	(381.199)
EBITDA	**33.614**	**18.998**
EBITDA (%)	5,31%	4,75%
Amortisation and depreciation	(9.909)	(8.180)
EBIT	**23.705**	**10.818**
EBIT (%)	3,75%	2,70%
Financial management results	(10.156)	(2.318)
Earnings before taxes	**13.549**	**8.500**
Taxes	(4.532)	(2.102)
Consolidated results	**9.017**	**6.398**
Results pertaining to minority shareholders	1.246	1.695
Group results	**7.771**	**4.703**

Summary statements - Itinera Group consolidated balance sheet figures (IFRS)

(VALUES IN EURO/000)

	31.12.2018 CONSOLIDATED	31.12.2017 CONSOLIDATED
Net assets	146.761	118.385
Non-current assets (liabilities)	36.743	102.150
Tax assets (liabilities)	18.203	12.517
Reserve for risks and charges, Severance	(9.870)	(10.768)
Working capital	30.014	32.152
Total net invested capital	**221.851**	**254.436**
Shareholders' equity (*)	**233.012**	**239.941**
Net financial position	**11.161**	**(14.495)**
Debt/equity	*-0,05*	*0,06*

(*) the reduction derives from the sum of the effects of the application of the Cost to Cost (- 11 million Euro), fair value measurement of investments (-5.7 million Euro), from the merger deficit with Interstrade (-2.2 million Euro) from the exchange reserve (3 million Euro) and the profit for the year (9 million Euro)

Summary statements - Itinera S.p.A. income statement figures (IFRS)

(VALUES IN EURO/000)

	2018 ITINERA S.P.A.	2017 ITINERA S.P.A.
Revenues	394.863	326.622
Operating costs	(377.071)	(310.829)
EBITDA	**17.792**	**15.793**
EBITDA (%)	4,51%	4,84%
EBIT	**8.407**	**6.070**
EBIT (%)	2,13%	1,86%
Financial and share management result	(4.515)	(999)
Earnings before taxes	**3.892**	**5.071**
Taxes	(3.380)	(2.520)
Operating profits	**512**	**2.551**

Summary statements - Itinera S.p.A. balance sheet figures (IFRS)

(VALUES IN EURO/000)

	2018 ITINERA S.P.A.	2017 ITINERA S.P.A.
Net assets	40.164	38.376
Non-current assets (liabilities)	111.370	163.631
Tax assets (liabilities)	12.938	7.689
Reserve for risks and charges, Severance	(8.649)	(10.057)
Working capital	82.252	50.324
Total net invested capital	**238.075**	**249.966**
Shareholders' equity (*)	**216.863**	**235.730**
Net financial position	**(21.212)**	**(14.236)**
Debt/equity	*0,10*	*0,06*

(*) the reduction derives from the sum of the effects of the application of the Cost to Cost (- 11 million Euro), fair value measurement of investments (-5.7 million Euro), from the merger deficit with Interstrade (-2.2 million Euro) from the exchange reserve (0.5 million Euro) and the profit for the year (0.5 million Euro))

Report on operations

General information

The consolidated financial statements prepared according to IAS/IFRS international accounting policies includes the group leader ITINERA S.p.A. financial statements, and its subsidiaries.
For further information on the technical methods and criteria adopted to prepare the consolidated financial statements, please see the Explanatory Notes paragraphs "Consolidation principles and accounting criteria" and "Scope of consolidation". On 1 January 2018, following the entry into force of standard IFRS 15, for the purpose of calculating production data and in order to comply with the principle of satisfying the performance obligation with customers over time, the Group considered the most appropriate method of progress on contracts to be the inputs method and in particular the so-called cost to cost method. Aside from being guided by the adoptionof the new standard, this choice was also prompted by the progressive amendment of the business of the Itinera Group and its resulting internationalisation.

Itinera Group business and composition

The Group operates in the construction sector with road, highway and railway infrastructure construction and maintenance, construction works, maritime works, bridges and underground works as its core business along with the sale of materials concerning this business now assuming a marginal role.
As at 31 December 2018, the main subsidiaries controlled by parent company Itinera S.p.A., consolidated with the integral method, are Halmar International LLC (50% of share capital) and its subsidiaries, Itinera Construcoes Ltda (90% of share capital) and Taranto Logistica S.p.A. (95% of share capital). In 2018, Sea Segnaletica Stradale SpA (hereinafter also "SEA") was added. In fact, on 4 July 2018, Itinera S.p.A.
purchased the shares comprising the entire share capital of SEA, a company specialising in horizontal and vertical signage works on roads and motorways. Furthermore, during the year Itinera S.p.A. first acquired the shareholdings representing the entire share capital of Interstrade S.p.A., a company specialised in the construction and routine maintenance of motorway and road sections and which, by a deed of merger signed on 9 November 2018, was incorporated in full by the Parent Company.
The legal effects of the merger took effect as of last December 1st when the surviving company fully took over all the assets and liabilities of the absorbed company and in all its names, rights, actions, obligations, commitments and liabilities. In accordance with the provisions of the Assirevi OPI 1 and 2 (revised) documents relating to the acquisition and subsequent merger of Interstrade, which is part of the operations under common control, the backdating of the effects of the merger took place on 4 July 2018, date on which Itinera S.p.A. acquired the entire share capital of Interstrade S.p.A.

Scope of consolidation

Subsidiaries	% Ownership	% Interest
A7 Barriere S.c. a r.l.	51,00%	51,00%
A.C.I. S.c.p.A. - Consorzio Stabile	98,15%	98,15%
Agognate S.c.a r.l. in liq.	96,90%	96,88%
Biandrate S.c.a r.l. in liq.	96,90%	96,88%
B. M. I.S.c.a.r.l.	60,00%	58,89%
Cervit S.c.a r.l.	51,00%	51,00%
Carisio S.c.a r.l.	96,00%	96,00%
Cornigliano 2009 S.ca. r.l.	77,90%	77,90%
Crispi S.c.a r.l. con socio unico in liq.	100,00%	100,00%
Crz01 S.ca. r.l.	50,75%	50,75%
Diga Alto Cedrino S.c. a r.l.	80,00%	80,00%
Impresa Costruzioni Milano Scarl in liquidazione - I.CO.M.	93,00%	93,00%
I/S Storstroem Bridge	99,98%	99,98%
Itinera Construcoes Ltda	90,00%	90,00%
Lambro S.c.a r.l.	97,21%	97,21%
Malpensa 2011 Scarl	65,00%	65,00%
Marcallo S.c.a r.l.	100,00%	100,00%
Mazzè S.c.a r.l.	80,00%	80,00%
Mortara Scarl	70,00%	70,00%
Ponte Meier S.c.a.r.l.	51,00%	50,06%
Ramonti S.c.a r.l. in liq.	51,00%	51,00%
SAM Società Attività Marittime S.p.A.	100,00%	100,00%
SEA Segnaletica Stradale S.p.A.	100,00%	100,00%
S.G.C. S.c.a.r.l. in liq.	60,00%	58,89%
Sinergie S.c.a r.l. in liq.	100,00%	100,00%
Taranto Logistica S.p.A.	95,00%	95,00%
Torre di Isola S.c.a r.l.	99,90%	99,90%
Urbantech S.r.l.	100,00%	100,00%
Itinera USA CORP	100,00%	100,00%
Halmar International LLC	50,00%	50,00%
HIC Insurance Company Inc.	100,00%	50,00%
Halmar International Trucking Inc	100,00%	50,00%
Halmar Transportation System Llc	100,00%	50,00%
Adelaide Crystal Holdings Llc	100,00%	50,00%
Atlantic Coast Foundations Llc	70,00%	35,00%
Halmar International - LB Electric LLC	60,00%	30,00%
Bishop/Halmar JV	70,00%	35,00%
Halmar-A Servidone - B Anthony LLC	60,00%	30,00%
Potomac Yard Constructors JV	60,00%	30,00%

Joint operations	% Ownership	% Interest
3RD Track Constructors	23,00%	11,50%
Alcas da Ponte Consortium	50,00%	45,00%
Arge H 51	44,99%	44,99%
Consortium Baixada Santista	50,00%	45,00%
Cons. Binario Porto de Santos	50,00%	45,00%
I/S Koge Hospital	80,00%	80,00%
I/S Odense Hospital	49,00%	49,00%
ITINERA - GHANTOOT JV	50,00%	50,00%
Itinera/Cimolai JV	72,23%	72,23%
MG-135 Consortium	50,00%	45,00%

BUSINESS TRENDS IN 2018

Macroeconomic scenario

The growth of the global economy which occurred also in 2017, thanks to manufacturing production and the increase in trade, lasted until the beginning of the summer of 2018 when investors' confidence in the economic prospects, due to various factors, progressively decreased, giving space to the uncertainty that marked the financial markets in the last months of the year.
One of the reasons for this slowdown was the trade war that characterised the relations between the first two world economies: in particular, the US tariffs decided in July on exports of Chinese products and the counter-measures approved by China on the import of products made in the USA as commercial retaliation.
The economic data continued to demonstrate a weakening of the global economic business indexes from the peaks of the beginning of 2018, and a worrying drop has affected the 2019 growth forecasts for the Eurozone and, in particular, for Italy.
In 2017 and 2018, the strengthening of the economy in the Eurozone was supported by expansionary monetary policies that increased market confidence. Doubts remain on the maintenance of these policies also for 2019 and therefore fears for growth are being reinforced, potentially influenced also by political risks and by models of government with a protectionist nature.
Unfortunately, therefore, the conviction that global growth is destined to slow down further in 2019 is being strengthened and to confirm these expectations, it will be extremely important to verify the trend of the first quarter of the year.
As for the **USA**, the US government's protectionist measures have produced a first round of reprisals by the affected countries. Nevertheless, the share of trade so far involved is too modest to have significant direct effects on internal growth. In this context, the US construction market represents, at international level, certainly the most promising market for the coming years. The renewal of the country's infrastructure is a need that cannot be postponed and is at the centre of the political debate with an investment estimate of billions of dollars. Investments of over 10 billion dollars are expected over the next five years in the New York area alone.
The shareholding and control of Halmar International LLC allow Itinera to give itself the best chance of seizing these opportunities in the context of the EPC, since it can also count on the major operational synergies with the concessionaire companies of the ASTM Group interested in looking for new investment opportunities in

interesting and attractive markets like the US.
In **Europe**, the most promising areas in terms of infrastructure demand are the North and East of the continent, where GDP growth forecasts are higher. The recent awarding of works in Denmark, the offers that have already been presented and which are in the process of being presented in Scandinavian countries and the opening of a branch in Sweden, and ongoing operations in Romania, confirm Itinera's status as a player in these areas.
In the **Middle East**, after the slowdown in recent years, infrastructure investments have broken down both in the Arab Emirates and in Saudi Arabia. In particular, in the Emirates the program for the construction of railway connections with neighbouring countries, interrupted during 2016, was restarted. Saudi Arabia has launched a substantial infrastructure plan for the next 5 years, which will most likely be a "driving force" on other minor economies in the area, such as Oman, where Itinera has a stable presence through its associate company Federici Stirling Batco Llc since 2015. In the Emirates, in 2018 work continued on the over 600,000 square-metre "Reem Mall" shopping centre, which is expected to be completed by the end of 2020. In Kuwait, negotiations continued to sign the contract that Itinera was awarded in November 2017; it is expected that this negotiation will be successfully concluded within the first quarter of 2019.
Africa will return to growth in the short term with sustained rates, thanks to the strengthening of infrastructure investments especially in the sub-Saharan area, where Itinera is present with the construction of two dams in Kenya and a bridge in Botswana.
Overall, **Latin America** continues to be an uncertain market due to both political turbulence and the definition of infrastructure investment plans.
In recent years the ASTM Group has still made significant investments in Brazil – which is deemed to have the most promising growth prospects in consideration of the size of the market, the demographic trends and its vast supplies of natural resources – in the motorway concession sector with the Ecorodovias group (company subject to joint control by the ASTM Group) and the recent awarding of new stretches of motorway; Itinera is also in the country through its subsidiary Itinera Construcoes Ltda which works, like EPC contractor, servicing Ecorodovias group concession holders and carries out maintenance work on the indicated motorway stretches.
In **Italy**, the change in government was accompanied by a sharp increase in risk premiums on public debt, which at the end of May took on worrying connotations for the very pronounced movement on shorter maturities – usually a sign

of doubts about short-term sustainability term of the debt. The confidence crisis later partially receded, but the risk premiums have remained very high compared to the levels that had characterised the previous months, and consistent with a high risk of downgrading the creditworthiness of the country. The situation can only settle following the confirmation that the effects of the 2019 manoeuvre are effective in limiting public spending, in the consequent reduction of the debt/GDP ratio and in the economic recovery.
As regards the performance of the economy, the modest expansion cycle of GDP, in progress since 2015, seems to be destined to end. Compared to the 2007 peak, the Italian GDP, despite two distinct expansionary cycles (2010-2011 and 2014-2018), has not yet recovered the negative effects of the economic crisis (GDP at the end of 2018 is still lower than -4.4% compared to 2007)[1].
Forecasts for the growth of national wealth for 2019, set at +1.5% in the 2018 draft budget law, and decreased to +1% in the manoeuvre subsequently approved by Parliament, today appear optimistic, also based on the latest forecast of the European Commission that the expected growth in GDP has been downsized to +0.2%.
In this context, the fundamental contribution of the construction sector, a sector that continues to make a significant contribution to the national economy, representing 8% of the Italian GDP and which, by virtue of its long and complex chain, connects buildings to over 90% of the economic sectors, is lacking and still lacks.
In December 2018 the Istat index of production in construction posts a downwards trend of 1.3%, bringing the result for the entire year to +0.9% compared to 2017; this dynamic, however, is largely insufficient to recover the profound collapse of the crisis years (still -42% compared to 2007 values).
The sector's performance is therefore derived from a dynamic that continues to be fluctuating and volatile, and the signs of a slowdown in the national and international economy make the performance of the construction sector very uncertain also for the current year and the following one; the relative forecasts for 2019, in fact, lead to postpone the future hypothesis of a substantial recovery in investment levels, especially those linked to the public component.
As far as public works are concerned, in fact, the crisis continued in Italy in 2018; Ance estimates post a 3.2% reduction in real terms compared to the previous year: with this further contraction, the production levels of the sector fell by more than 50% in 10 years, aggravating the important infrastructural deficit. The disappointing trend of 2018, significantly lower than the forecast of a year ago (+2.5% growth on an annual basis), is the result of the persistence of great difficulties in the start of the construction of public works in Italy that have cancelled out any positive effect of investment support measures; also the Manoeuvre for 2019 is once again unbalanced in favour of current spending, further reducing capital expenditure, especially as regards investments.
The overall situation of uncertainty described above in the Italian infrastructure market confirms the choices made by the Company and Group in recent years to begin a new development phase for diversifying the geographical markets they operate in.

1 Source ANCE "Economic Outlook Observatory on the Construction Industry", January 2019

Group economic, equity and financial situation analyses

This chapter provides the reclassified Income Statement, reclassified Balance Sheet and the net financial position composition.

Group economic situation

From the profitability standpoint, as already mentioned, the year closed with 9,017 thousand Euro in profits (including the third party share equal to 1,246 thousand Euro) which is, in brief, broken down as follows:

(in thousands of Euro)	2018	2017	CHANGE
Operating income	**632.796**	**400.197**	**232.599**
Operating costs	(599.182)	(381.199)	(217.983)
Gross operating income (EBITDA)	**33.614**	**18.998**	**14.616**
Amortisation and depreciation	(9.909)	(8.180)	(1.729)
Operating result (EBIT)	**23.705**	**10.818**	**12.887**
Financial income	2.832	2.820	12
Financial expenses	(12.988)	(5.138)	(7.850)
Earnings before taxes	**13.549**	**8.500**	**5.049**
Income taxes	(4.532)	(2.102)	(2.430)
Income including third party share	**9.017**	**6.398**	**2.619**
Third party income	1.246	1.695	(449)
Group profits	**7.771**	**4.703**	**3.068**

Revenues post a 58.12% increase in percentage terms compared to 2017, increasing from Euro 400.2 million in 2017 to the current 632.8 million Euro; foreign production amounted to Euro 317.6 million (equal to 50.1% of the total), of which 192.4 million Euro related to the Halmar Group, while an amount of Euro 315.2 million (equal to 49.9%) is produced in Italy.

Operating costs totalled Euro 599.2 million (Euro 381.2 million in 2017), of which 181.6 million Euro related to the consolidation of the Halmar Group; the main amounts relate to costs incurred for the purchase of raw materials (Euro 101.8 million), services (Euro 381.2 million) and personnel (Euro 101.6 million).

For that illustrated above, the **gross operating margin (EBITDA**) totalled 33.6 million Euro (19 million Euro in 2017), equal to 5.31% of operating revenues (4.75% in 2017).

Amortisation, depreciation and provisions include amortisation, depreciation and write-downs of intangible and tangible assets totalling Euro 9.2 million, an increase compared to 2017 (Euro 6.5 million), while provisions amount to Euro 0.6 million.

Operating result (EBIT) totalled Euro 23.7 million, equal to 3.75% of operating revenues (Euro 10.8 million in 2017, equal to 2.70%).

Financial income totalled Euro 2.8 million (in line with 2017); the item includes, among other things, dividends from other companies (Euro 0.6 million), income from the discounting of receivables for Euro 0.6 million, exchange gains for Euro 0.7 million, and interest income.

Among **financial charges**, for a total amount of Euro 1.7 million (Euro 4.2 million in 2017) the item includes capital losses from the sale of equity investments for Euro 0.2 million, bank interest payable for approximately Euro 1.6 million and exchange losses for Euro 0.1 million.
The results achieved by **equity investments valued using the equity method** posted a negative balance of Euro 11.2 million, essentially due to the results, considered in the Group, of the jointly controlled company Federici Stirling Batco, for Euro 5.6 million (including impairment for Euro 0.5 million) and to the subsidiary Mill Basin Constructors LLc, whose economic result considered in the Group is equal to Euro 5.6 million.

Group equity-financial situation

The Group's equity situation as at 31 December 2018 posts the following values:

(in euro/000)	31.12.18	31.12.17	CHANGE
Net assets	146.761	118.385	28.376
Non-current assets (liabilities)	36.743	102.150	(65.407)
Tax assets and (liabilities)	18.203	12.517	5.686
Reserve for risks and charges, Severance	(9.870)	(10.768)	898
Working capital	30.014	32.152	(2.138)
Net invested capital	**221.851**	**254.436**	**(32.585)**
Shareholders' equity	233.012	239.941	(6.929)
Net financial position	11.161	(14.495)	25.656
Treasury and third party shares	**221.851**	**254.436**	**(32.585)**

Net invested capital for 2018 totalled Euro 221.8 million, with a 32.6 million Euro decrease over 2017 due to the mathematical sum of the following changes:
- **Net assets** increased by Euro 28.4 million due to the following changes:

- *intangible assets* increased by Euro 5.2 million, for a total value of Euro 45.8 million as at 31December 2018;
- *Non-compensated revertible assets* increased by Euro 1.7 million with respect to costs capitalised for the port of Taranto design activities for Euro 42.3 million, for which the subsidiary posted contributions for Euro 28.8 million, capitalisation of freely transferable assets also take into account the effects of the adjustment to Cost to Cost for Euro 11.8 million;
- *tangible assets* increased by Euro 21.5 million, for a balance of Euro 45.8 million as at 31 December 2018, due to the change in the scope of consolidation for Euro 17.8 million, due to purchases and increases during the year for Euro 15.2 million, due to the exchange adjustment effect for Euro 0.6 million against sales and disposals for a net book value of Euro 2.8 million and due to depreciation charges and writedowns for Euro 9.2 million.
- **Non-current assets and liabilities** decreased by Euro 65.4 million.

Main operations are listed below:
- **Autovia Padana S.p.A.:** on 4 May 2018 we received the authorisation from the Ministry of Infrastructure and Transport for the purchase by the Ardian Fund of a 49% stake in the share capital of Autovia Padana S.p.A.; on the basis of the agreements signed with the counterparty, we proceeded with the partial assignment of the stakes held by SATAP and Itinera, which were therefore reduced to 50.9% (from 70%) and 0.1% (from 30%) of the share capital respectively. In particular, on 31

May Itinera assigned 48,946,300 shares in Autovia Padana S.p.A. to the company Fifteen Bay Pipes S.a.r.l. of the Ardian Group. Itinera S.p.A. had paid the residual tenths to be paid out of the subscribed share capital of Euro 36.6 million in January 2018. The sale was completed at face value for Euro 48.9 million;

- **Federici Stirling Batco LLC:** the book value of the investment held in the jointly controlled associate, following its evaluation using the equity method, has decreased due to the implementation of the pro-quota loss posted between 31 October 2017 (financial statement date available at the date of preparation of the 2017 consolidated financial statements) and 31 December 2017 and the pro-quota loss posted as of 31 October 2018, as posted in the financial statements approved by the board of directors of the subsidiary on 12 February 2019, for a total of 5,580 thousand Euro. Moreover, the value of the share has decreased due to the adjustment of the associated company's net equity and the implicit goodwill value at the 31 December 2018 exchange rate totalling Euro 0.5 thousand, offset by the group's net equity. The Company proceeded to submit the value of the investment to an impairment test for which reference should be made to the explanatory notes. The results of the test entailed the need to carry out an impairment test on the consolidated financial statements of Euro 0.5 million and Euro 9.2 million on the parent company's financial statements;
- **V.A. Bitumi S.r.l.:** on 26 April 2018 Itinera S.p.A. assigned to third parties its stake in the share capital of VA Bitumi S.r.l. (50%). Previously, the general meeting of shareholders had resolved an allocation of dividends worth Euro 0.5 million. The two transactions had a combined positive effect of approximately Euro 0.1 million.
- **Mill Basin Constructors LLc:** 50% owned by Halmar International LLC, posted in the Itinera Group consolidated financial statements at 31 December 2017 at a value of Euro 7,514 thousand increased during the year by Euro 1,863 thousand following a payment carried out and reduced for the pro-quota of the result achieved during the year, amounting to 5,655 thousand Euro loss.
- **Aedes SIIQ S.p.A. - Restart SIIQ S.p.A.**: during the year the investee company AEDES SIIQ S.p.A. was the subject of a partial demerger operation in favour of the beneficiary company SEDEA SIIQ S.p.A. (company wholly owned by AEDES SIIQ S.p.A.). The transaction concluded with the listing of SEDEA SIIQ on the Milan Stock Exchange, which took place on 28 December 2018. On that date AEDES SIIQ S.p.A. took the name of RESTART SIIQ S.p.A. while SEDEA SIIQ S.p.A. changed its to AEDES SIIQ S.p.A. Itinera S.p.A. is therefore now the holder of no. 1,693,554 shares of both companies that are listed on the Milan Stock Exchange. At 28 December 2018, the last day of listing relative to 2018, the value of the investments in the financial statements was adjusted to the listing of the securities, respectively equal to 1.12 for AEDES SIIQ (value at 31 December 2018 equal to Euro 1,896 thousand) and 0.169 for RESTART SIIQ (value at 31 December 2018 equal to Euro 286 thousand), with a negative effect of Euro 5,743 thousand allocated to the statement of comprehensive income pursuant to IFRS 9;

- The change in **tax assets and liabilities** is the algebraic balance of the increase in deferred tax assets for 1.5 million Euro – of which 0.7 million Euro relating to Itinera USA Corp. – the increase in tax receivables for Euro 4.6 million, as well as the decrease in deferred tax liabilities for Euro 0.6 million – of which Euro 0.5 million from Itinera USA Corp. – and the increase in tax payables for Euro 1 million.

- **Provisions for risks and charges** feature a reduction of Euro 1.9 million as a result of the reduction of the risk provisions for subsidiaries (Euro 1.8 million), provisions for staff reorganisation charges of Euro 0.3 million and environmental recovery provisions for Euro 0.9 million that were partially offset by sums set aside for risk provisions for subsidiaries (Euro 0.3 million), provisions for future personnel charges for Euro 0.5 million, provisions for future charges for Euro 0.1 thousand and reserves from the Interstrade S.p.A. incorporation for Euro 0.2 million. **Severance** posted a 1 million Euro increase.

- **Working capital,** that includes trade, third party and supplier payables and receivables, posts a positive balance of 30 million Euro compared to the 32.2 million Euro balance posted in 2017 (- 2.1 million Euro).
Changes concerned:
· an increase in *inventories* for a total of Euro 87.4 million due essentially to work in progress;
· an increase in trade receivables for Euro 26.8 million and the increase in other receivables for Euro 20.1 million;
· the increase in *trade payables* to third parties, with associated companies, and consortium companies for 91.9 million Euro;
· the increase in *other payables* for Euro 44.5 million, this increase is mainly attributable to the increase in advances and advances on short-term works for Euro 65.6 million partly offset by the decrease in sundry payables for Euro 21.7 million.
- **Shareholders' equity** decreased from Euro 239.9 million to Euro 233 million with a decrease of Euro 6.9 million, mainly due to an increase in the profit of Euro 9 million, offset by the effect of the application of new IFRS 15 principle which envisages a different recognition of pre-operating costs (meaning the costs incurred for the study and formulation of bids) due to the more stringent accounting criteria and the adoption of an input-based method with reference to determination of the percentage of completion. As at 1 January 2018, this assessment resulted in a reduction in shareholders' equity of Euro 11 million (net of deferred tax effects). The decrease in shareholders' equity is due also to the change in the fair value reserve of - Euro 5.7 million, of the merger deficit for incorporation of Interstrade for Euro - 2.2 million as well as the effects on the exchange reserve for the adjustment of the financial statements of subsidiaries with a functional currency other than the Euro for Euro 3.0 million.
The Group's **net financial position** posted, as at 31 December 2018, a positive balance of Euro 11.2 million.

(in euro/000)	**31.12.18**	**31.12.17**
Funds available in bank accounts	109.275	88.604
Cash and expense funds	909	232
Short-term leasing payables	(776)	(1.452)
Amounts due to other investors	(11.508)	(3.213)
Short-term bank payables	(76.725)	(50.521)
Short-term net financial position	21.175	33.650
Trade receivables (*)	29.026	8.095
Medium/long term leasing payables	(1.355)	(630)
Payables to other m/l lenders		(390)
Medium/long term bank payables	(37.685)	(55.220)
Total net financial position	**11.161**	**(14.495)**

(*) The financial credit of euro 8.1 million that was granted to Federici was not included in the net financial position as it was entirely or partially used to increase the subsidiary's equity.

The net financial position posts a positive balance of approximately Euro 11.2 million compared to a negative balance of Euro 14.5 million as of 31.12.2017.
The improvement of Euro 25.7 million is essentially due, as emerged from the cash flow statement, to the resources acquired due to the expansion of the scope of consolidation, due to the merger by incorporation of Interstrade S.p.A. and the acquisition of SEA
Segnaletica Stradale S.p.A., for Euro 0.6 million, to the resources generated by operations (Euro 57.6 million), mainly attributable to the Halmar Group, offset by the absorption of financial resources by investment activities (- Euro 32.5 million). In the context of the investment activity, we would like to highlight the investment relating to the infrastructure venture in Taranto (Euro 19 million, net of the contribution from the Port Authority of Taranto) and the sale of the stake in Autovia Padana which freed up resources totalling Euro 12.3 million.

In detail, payables to banks, totalling Euro 99,342 thousand, include:
- self-liquidating debts, represented by sums advanced on the collection of invoices for a value of euro 4.1 million;
- a/c overdrafts and lines of credit for 52.9 million Euro;
- medium/long-term loans for a total of Euro 57.4 million.

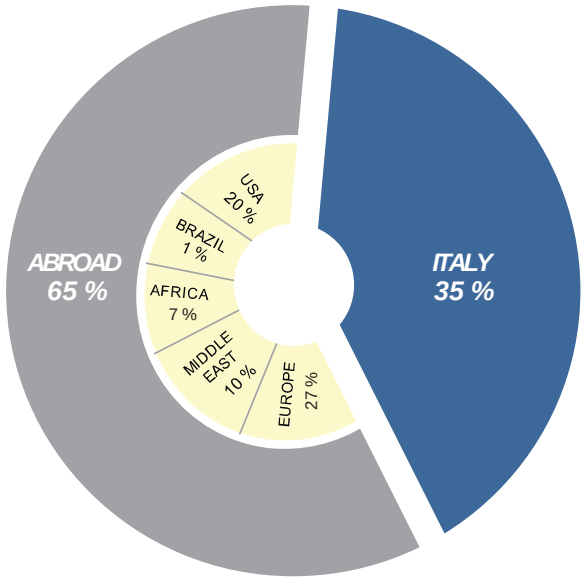
Operating activities

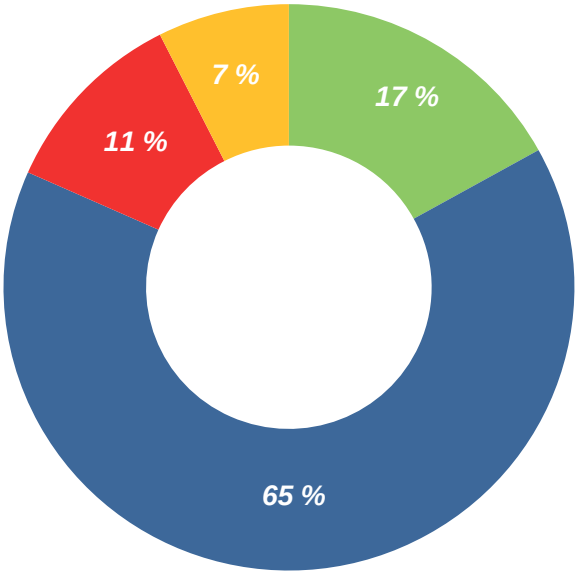
The Itinera Group, thanks to the internationalisation process launched in recent years, has now become a global player operating in various geographical areas around the world.
The foreign business development plan continued in terms of participation in tenders, opening new branches, setting up new companies and direct investments in companies already operating in construction (for more details, see the "Internationalisation" paragraph).
Aside from the Italian market – in particular the north-west of the country through the synergies linking it to the Aurelia group, which operates in the sector of motorway concessions, road transport and railway transport, the movement of goods and logistics – the main operating areas for the Group leader are Central and Northern Europe (Denmark, Romania, Austria, Sweden), USA, Brazil, Gulf states (UAE, Kuwait, Oman, Saudi Arabia), Southern Africa (Angola, Kenya, Botswana).

Order portfolio and completed works

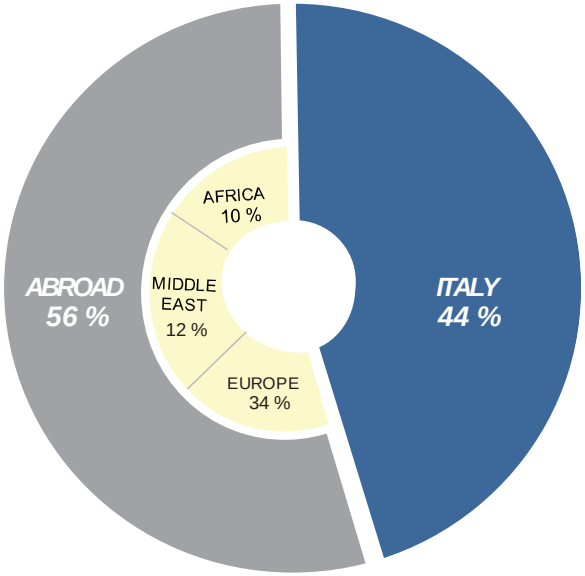
The Group's order book as at 31 December 2018, resulting from the update of the investment plans to which the individual interventions refer, amounts to approximately Euro 4.9 billion (resulting from the application of the exchange rates at 31 December 2018 for contracts expressed in currencies other than the Euro).

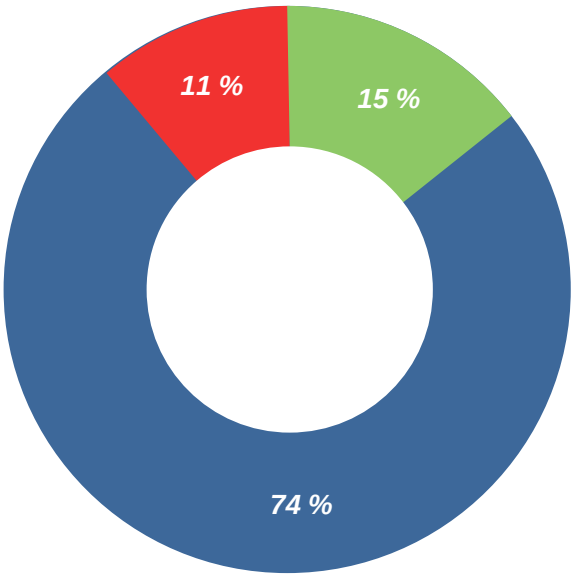
ITINERA GROUP Backlog by Geographic Area and Business Sector





ITINERA SPA Backlog by Geographic Area and Business Sector





MAINTENANCE CIVIL WORK INFRASTRUCTURE MARITIME WORK

The breakdown of the total current amount of the portfolio among the Group's main companies includes 3.8 billion Euro for the Group leader Itinera S.p.A., 1 billion Euro for Halmar International LLC, 0.1 billion Euro for Itinera Construcoes Ltda.

As regards the breakdown of the portfolio by geographical area, illustrated in the graphs above, the Italian quota represents 35.1% of the total for an equivalent value of Euro 1.7 billion, while the portion referring to abroad, equal to 64.9% of the total, is equivalent to Euro 3.2 billion.

The overall value of new order acquisitions during the course of the year amounts to approximately Euro 2.1 billion, including Euro 0.3 million in Italy and Euro 1.8 million abroad.

The main acquisitions in the year are the following:

- construction works of the new university hospital in Odense (Denmark) in a joint venture with another Italian company for a share of the works (49%) of approximately 286 million Euro (Itinera Spa);
- construction works of the new Koge hospital (Denmark) in a joint venture with another Italian company for a share of the works (80%) of approximately 236 million Euro (Itinera S.p.A.);
- construction work of the Potomac Yard Metrorail station in the city of Alexandria (Virginia) for a value of 128.2 million dollars corresponding to 111.9 million Euro at the exchange rate at 31 December 2018 (Halmar International LLC);
- modernisation work on the Kew Garden New York road junction for a value of 365.7 million dollars corresponding to 319.4 million Euro at the exchange rate at 31 December 2018 (Halmar International LLC);
- Executive Project "Execution of the upgrade works and adaptations to legislative requirements of the flight infrastructure Lot 2 - 2nd completion component of the "Marco Polo" Airport in Tessera Venice. Itinera participates in the temporary association of companies with a share of 39.24% with a corresponding value of the works of 41.8 million. Work began during the year;
- Construction of the new Skurungund Bridge (Sweden) and amendment of traffic between Skuru and Bjorknas, on both sides of the bridge. The bridge is east of Stockholm in the municipality of Nacka. The value of the works is Euro 75.2 million (Itinera S.p.A.);
- Design and construction of the expansion project of the Long Island Rail Road for "Metropolitan Transportation Authority" in joint venture with other companies for a share of the works (23%) of approximately USD 417.0 million corresponding to Euro 364.2 million (Halmar International LLC).

The breakdown of the order book into categories of works to be carried out is as follows:

- road and railway infrastructures and hydraulic works: Euro 3,144 million;
- building industry: Euro 823 million;
- highway and other maintenance: Euro 528 million;
- maritime works: Euro 363 million.

Active sites

If the backlog had also grown in previous years, especially abroad due to the effect of the award of new contracts and the acquisition of companies and/or Groups (i.e. Halmar International), the 2018 financial year was characterised by the significant increase in business volumes executed abroad. As far as the Parent Company is concerned, work is currently under way on the construction of the bridge over the Okavango River in Botswana, the construction of the Satu Mare variant in Romania, the Reem Mall in Abu Dhabi, already started in 2017, which reported significant volumes. Work also began for the construction of the Odense and Koge hospitals, as well as the Stormstrom Bridge, in Denmark and the Pfons-Brenner lot of the Brenner base tunnel in Austria.
Below is a list of the main contracts – some of which are in early phases – and respective production values which the group has been operating on during the course of the year:

- Design and construction of the Port of Taranto infrastructure hub – Logistics hub and Logistics Platform Management (purchaser Taranto Logistica through A.C.I. Consorzio Stabile S.c.p.A.), value of production 42.1 million;
- Construction work of access infrastructure to the Savona portal hub: interconnection between the motorway tolls of the A10 in Savona and Albisola and the ports of Savona and Vado – bypass to SS.1 Aurelia in the stretch between Savona Torrente Letimbro and Albisola Superiore – executive design and execution of works (purchaser ANAS S.p.A.), production carried out Euro 17.5 million;
- Construction of the new surgical hospital and emergency centre at San Raffaele Hospital, production carried out at Euro 10.2 million;
- Construction works of the Reem Mall shopping centre in Abu Dhabi, production carried out Euro 51.6 million;
- Construction of the bridge over River Okavango in Botswana, production carried out Euro 14.1 million;
- Construction works of the Satu Mare variant in Romania, production carried out Euro 8.1 million; Furthermore, in the United States:
- Refurbishment work of Harrison Station for the Port Authority of New York, production carried out $ 28.2 million, equal to Euro 23.9 million at the average exchange rate for the year 2018;
- Design and construction works for the expansion of the Long Island Rail Road for the Metropolitan Transportation Authority through a joint venture with other companies, production carried out $ 38.5 million, equal to Euro 32.6 million at the average exchange rate for the year 2018;
- Works in Grand Central Station in New York for a value of $ 19.8 million equal to Euro 16.8 million;
- Upgrade works for the Metro North Station in Connecticut for a value of $ 35.2 million equal to Euro 29.8 million;
- Work assigned by the New York State Department of Transportation (NYSDOT) to Halmar International in September 2018 relating to the modernisation of the Kew Garden road

junction in New York, the production performed amounted to $ 20.9 million, equal to Euro 17.7 million at the average exchange rate in 2018.

Sale of motorway shareholdings

During the 2018 financial year and in the first few months of 2019, as already announced in the Report on the previous year, the parent company Itinera S.p.A. concluded agreements aimed at the disposal of a further part of the share package held in motorway concession companies.
In particular, with regard to Autovia Padana S.p.A., the concessionary company of the motorway section, for the accuracy of construction, management and maintenance of the A21 Piacenza-Cremona-Brescia motorway and branch for Fiorenzuola d'Arda, the authorisation of the Ministry of Infrastructure and Transport to the acquisition by the Ardian Fund of a 49% stake in the share capital of Autovia Padana SpA (70% owned by SATAP, another company controlled by the ASTM Group and for 30 % from Itinera SpA) was received on 4 May 2018; based on the agreements signed with the counter-party, 19.1% and 29.9% of the share capital were sold. In particular, on 31 May Itinera assigned 48,946,300 shares in Autovia Padana S.p.A. to the Ardian Group company Fifteen Bay Pipes S.a.r.l. Itinera S.p.A. had paid the residual tenths to be paid out of the subscribed share capital of Euro 36,607 thousand in January 2018. The sale was completed at face value for Euro 48,947 thousand. Itinera maintains no. 163,700 shares of Autovia Padana S.p.A. for a percentage of 0.1%.
With reference to Bre.Be.Mi S.p.A., company's whose purpose is the design, construction and management of the motorway link between the cities of Brescia and Milan, which is granted under concession, and Argentea Gestioni S.c.p.A., the company entrusted with the routine and extraordinary maintenance services, toll collection and management, inspection of the structures, etc., of the same motorway section, on 22 January 2019 Itinera S.p.A. sold its shares (with the exception of 100 shares with regard to Bre.Be.Mi. and 1 as regards Argentea Gestioni S.c.p.A.) to Autostrade Lombarde S.p.A. and Impresa Pizzarotti S.p.A. based on the agreements signed in 2017. As established by the contractual agreements, the sale was made at par values, equal to Euro 8,999,900 and Euro 17,088 respectively. Autostrade Lombarde S.p.A. also repaid the amount paid by Itinera S.p.A. to

Bre.Be.Mi. as an interest-bearing loan of Euro 2,402 thousand (and the related interest).
Please remember, with regard to Autostrada Asti Cuneo S.p.A., that an option was granted to SIAS S.p.A. for the purchase by 31 December 2020, of no. 9,999,900 shares in the concessionaire (100 shares were retained) for a value of Euro 10 million.
The reasons underlying the sale of its shareholdings are to be found in the objective of improving the organisational structure of the ASTM Group through the diversification of the two main businesses, namely, the concession business and the construction of large infrastructure works, which is controlled by Itinera Group.
With regard to the latter, in accordance with its mission, these operations will allow it to concentrate resources in its core business, which is construction.
The interest of construction companies, in taking part in projects involving the construction of new infrastructure using project finance schemes or public-private partnerships, which normally require major financial commitments by shareholders which are normally collected and remunerated with the management of the works, stems from the possibility to be able to carry out construction works which can therefore be deemed completed following the conclusion of the construction phase of the project.
The disposal of important financial investments such as those in question – which play a merely "instrumental" role in construction, while representing the specific object of the concessions sector activity – allows for the recovery of financial resources to be allocated to the contractor's core business. It should also be noted that the process of internationalisation, initiated a few years ago, has required and still requires major investments in commercial activities in order to adequately cover markets in foreign countries, such as the opening of branches and the incorporations of local companies, as well as the acquisition of shares in foreign companies, such as the acquisition of Halmar International LLC in the USA.

Internationalisation

As already illustrated in the last Reports, there is still a difficult situation in the Italian construction market, in particular for the public infrastructure sector which represents a significant part of Itinera's operating activity in the domestic market; this situation, associated with the reduction of credit lines by the Group's motorway concessio-

naires due to the restrictive changes introduced by the new Procurement Code entails, as a result, an overall reduction in the Italian works portfolio. For these reasons, Itinera has for some years launched a strategic plan that aims at a progressive growth on international markets, with the aim of reaching 70% of its turnover developed on the foreign market at the end of the 2017-2021 five-year period.
As of the end of 2018 this process of internationalisation continued in line with both the strategic plan of the construction sector, and the strategic guidelines of the ASTM Group, that involve a process of development and geographical diversification, in the construction sector and in the complementary sector of concessions.
The markets on which Itinera operates, through participation in tenders for public and private clients, and in accordance with the Plan approved by the Board of Directors, are Southern Africa, Gulf Countries, Northern Europe, and, with developments that also involve activities of Concessions Group, Brazil and USA.

BRAZIL

After the establishment of the Brazilian company ITINERA CONSTRUCOES LTDA in 2017, in which Itinera S.p.A. holds a 90% stake in the share capital – with the remaining 10% owned by Sinelec S.p.A., also part of the ASTM Group, and after the first two contracts started in the second half of 2017 for paving maintenance and the construction of a section of the third lane on the Ecovias highway in the State of Sao Paulo, the Brazilian subsidiary has been committed, and this activity is destined to continue in the future, in providing the necessary technical support for the evaluation of the investments included in some offers that Ecorodovias presented for the awarding of new concessions.
In this regard it should be noted that in January and February 2018 the concessionaire was awarded different tenders relating to:
- Rodoanel Norte, a concession with the duration of 30 years, relating to the last stretch of approximately 50 km, of the orbital motorway surrounding the metropolitan area of São Paulo;
- MGO, the concessionaire of the motorway BR-050 with a length of 437 km connecting the cities of Cristalina in the state of Goias and Delta in Minas Gerais which expires in 2044;
- three different stretches, in the state of Minas Gerais, i.e. the BR-135 Montes Claros (301 km), MG-231 (23 km) and LMG-754 (40 km) with a duration of 30 years.
The acquisition of these concessions may allow to increase the amount of the Group's backlog in Brazil.
During 2018 the Brazilian subsidiary undertook, and still continues, to support Ecorodovias in preparing the bid for the concession of the BR 386 motorway (Concepa, South Integration Motorways) and the BR 290, BR 101 and BR 448, for a total extension of 474 km that crosses the state of Rio Grande do Sul up to the border with the state of Santa Caterina and its port, with ANTT grantor of the concession (Rio Grand federal Agency), as well as for the preparation of the project of construction of a new bridge connecting the cities of Santos and Guaruja of about 11 km.

USA

Following the closing in 2017 of the transaction concerning the acquisition of 50% of the share capital of HALMAR INTERNATIONAL LLC, a con-

struction company operating in particular in the State and in the City of New York, important operational synergies have developed between the activities of the Group and those of HALMAR in the United States both in the activity of EPC Contractor (Engineering, Procurement & Construction), and in the realisation of the planned infrastructure programs in Private Public Partnership (PPP), through the know-how gained by Itinera and the ASTM Group.
The entrance of Itinera in the ownership structure of HALMAR ensured a significant improvement in its economic and financial situation, both in terms of equity, that had already occurred with the contribution of new financial resources by shareholders, and of bond-issuing capacity, which is an essential component for growth in the American market.
The US market has potential in terms of complex works with added value, where experience and technological innovation are considered drivers of success and competitiveness.
During 2018 Halmar was awarded the construction works for the "metro rail" station in Alexandria, in the Washington DC area, for a share of approximately 128 million dollars, for the works

to reconfigure a series of road junctions in the area of Kew Garden in New York for a total value of approximately 370 million dollars and for the realisation of some renovation works connected to one of the NY railway stations for an amount equal to about 15 million.
Among the participation in tenders, the most significant is the one related to the "Hunts Point Interstate Access Improvements" in the state of New York, where Halmar is in partnership with 60% stakes with a local partner specialised in the construction of metal structures.
Finally, since the beginning of the year, a first exploration of the PPP market in the USA has begun, identifying a series of initiatives that will be followed during 2019, searching for functional partners for participation in the tenders, by the Group concessionaires in the SPV groupings and by Itinera-Halmar as EPC.

EUROPE

The areas of main interest for the Group in Europe have been identified in the Northern Countries (Sweden, Norway and Denmark) where large-scale infrastructure development plans are envisaged, to be implemented in a market suited to European companies.
After having signed an agreement with a Spanish company for the participation in a first tender held by TELT in France for the construction of the Turin - Lyon A/C line, negotiations are under way to form a grouping with a French company for participation to any new tenders, even if the current problems related to the continuation of the project are permanently present.
Likewise, again for the Turin - Lyon project but on the Italian section, an agreement was signed with a French and an Italian company.

Northern Europe

In Sweden and Norway, Itinera took part in a series of tenders and pre-qualifications in the road and railway sectors, on its own and in partnership with other international companies.
As part of the tenders in which Itinera participated, it was awarded the contract for the construction of the bridge over the Skurunsundet strait in **Sweden**.
Moreover, the research was picked up for local

partners in both countries for joint participation to tenders and pre-qualifications. In order to improve our knowledge of the two countries and be more competitive in the preparation of technical and financial bids, we have decided to open a branch in Stockholm with the hiring of a local sales representative.
In **Norway,** a new call for tenders will be issued for a PPP initiative in the motorway sector, whose publication, originally scheduled for the last months of 2018, has now been postponed to mid-2019; this is an extremely interesting initiative that the Group concessionaires also intend to continue.
Lastly, in **Denmark**, Itinera in the first few months of 2018, signed the contract for the construction of the "Storstrom Bridge" and with another Italian company it won the tenders, held with the competitive dialogue method, for the construction of six lots of the New University Hospital of Odense and for the construction of the New Koge Hospital.

Est Europa

In **Romania**, after the awarding in 2016 of the project relating to the Satu Mare ring road, Itinera participated in a series of tenders in 2017 for the construction of new motorway stretches (Targu-Mures, Craiova – Pitesti, Sibiu – Pitesti) and the modernisation of the Bucharest ring road, for which it was the best bidder for two of these and for which the contract has yet to be formalised.
Due to the complexity of the tender procedures in the country and the uncertainty of the market, it was decided not to proceed with further tenders and to remain at the moment exclusively awaiting the results of the two tenders in which it was the highest bidder. In fact, participation in the tender procedures in Romania is influenced by the continuous extensions of deadlines and by repeated risks of cancellations; in any case, Itinera will evaluate in depth and selectively the decisions on future participation in new tenders.

GULF AREA

In **Kuwait** the program of interventions in the infrastructural area marked the way due to the reorganisation of the internal bodies responsible for the start of contracts for the execution of the works. In this context, the contract awarded to Itinera in November 2017 for the construction of a section of motorway (value of 88.5 million Kuwaiti dinars, equal to approximately 244 million Euro) is still under negotiation. Following the change at the top of the Government Bodies that announced the call for tenders, progress was made that led to the final signing of the contract by the end of the first quarter of 2019. In the meantime, there have been close alliances with the largest infrastructure group in the country, with which a pre-qualification was submitted for the construction of an extension of the University of Kuwait City.
In the **Arab Emirates**, after the awarding of the construction of the Reem Mall in Abu Dhabi, which took place in 2017 in partnership with a local company, a series of tenders and manifestations of interest for the construction of road infrastructures were submitted, for some of which the outcome is still pending.
Still in the Arab Emirates, tenders were divided for the realisation of the Etihad Rail railway connection, divided into four lots. Itinera, in partnership with a series of international companies, submitted a bid for a first lot and is participating in the preparation of bids for the remaining three.
In **Oman**, despite a slowdown of investments in the country, Itinera worked with its subsidiary Federici Stirling Batco LLC in the presentation of offers relating to series of military camps, road infrastructure, hotels and ports; many of these are yet to be awarded. Surely the rarefaction of the presence of competitors and the driving effect of the recovery of investments in the Emirates and Saudi Arabia represent a positive signal for the investee company.
In **Saudi Arabia**, Itinera continues to monitor the market with a view to its recovery, of which we have already seen signs during 2018; in the meantime, the Company continues the dialogue to set agreements and collaborations with local companies of primary importance, with a view to participating in future tenders.

AFRICA

In **Botswana**, there were no opportunities for

participation in new tenders during 2018; the bids and prequalifications submitted during 2017 have not produced results. Currently, two tenders are being prepared, one for the construction of a motorway section, and one for a hydraulic system.

In the meantime, the site activities are still under way for the construction of the bridge over the Okavango River, for which the contract was awarded during the course of 2016.

In **Kenya**, in relation to the awarding of the works for the construction of the Arror and Kimwarer dams, geological surveying and planning activities continued; within the first quarter of 2019 it is expected to obtain access to the areas, with the completion of the relative expropriations. The problems encountered with the partner are discussed in another chapter of the Report.

In **Lesotho**, in view of the development of the Polihali project and the resulting issuing of tenders for the construction of a dam, a tunnel and a series of connecting bridges and roads, Itinera is exploring a series of contacts with international companies in order to identify a partner to participate in these tenders, especially those concerning bridges and roads.

Following the recruitment of a sales representative, based at the Johannesburg branch, the monitoring activities of the Southern African markets continued: **Zambia, Namibia** and **South Africa.**

Human resources and organisation

Following is the company's average staff for the year 2018 and comparison with previous year data:

	2018	2017
Executives	71	51
Managers	129	74
White-collar workers	517	392
Blue-collar workers	720	497
Total	**1.437**	**1.014**

The employees of the Group at 31 December 2018 amounted to 1,680 units against 956 at 31 December
2017, in particular:

	31.12.2018	31.12.2017
Executives	86	48
Managers	141	73
White-collar workers	604	401
Blue-collar workers	849	434
Total	**1.680**	**956**

The number as at 31 December 2018 includes the employees deriving from the merger of Interstrade, equal to 112, of which 2 executives, 41 white-collar workers and 69 blue-collar workers and the number of employees deriving from the consolidation of SEA Segnaletica Stradale, equal to 76, of which 1 executive, 13 white-collar workers and 62 blue-collar workers.
During the course of 2016, the group leader was forced to use dismissal proceedings, pursuant to articles 4 and 24 of law 223/91, in order to reduce its staff employed in Italian contracts in the infrastructure sector, following the definitive completion of works in certain sites and the impossibility to allocate this staff to other contracts, given that these were already operating with a

complete workforce, or to new contracts.
These procedures required a financial outlay for the Company during the year of Euro 0.3 million that was entirely covered by provisions that had been set aside as at 31 December 2016.

Information on the environment, safety and quality

• Quality, Environment and Safety Integrated Management System (QAS SGI)
The January -December 2018 financial year also saw the company involved in the consolidation of the implementation of the integrated management system (SGI) for Quality, Environment and Safety (QAS) both nationally and internationally, in order to increase its technical and organisational expertise to acquire new contracts.
In this context, the third inspection visit of the aforementioned QAS Integrated System in March was carried out by the ICMQ Certification Body. The relevant outcomes were positive and a report was issued containing small guidelines for the continual improvement of the system.
The department at the headquarters in charge of these activities, in the context of law and regulations requirements, was expanded, permitting the chair and coordination with a dedicated staff deployed on operational projects in support to

construction site divisions, making sure that the integrated system forecasts are respected both on the documentary and operational levels and for direct and sub-contracted work. The Halmar group also pursues a policy aimed at guaranteeing high levels of safety in production sites through the continuous updating of the workers. In this regard, periodic meetings are organised to update risk assessment at the workplace with the involvement of the personnel employed in the field.
As in 2018, the goal of the Itinera Group will be to pursue greater integration with the procedures regarding the safety of the Halmar Group.

• Additional management systems and electronic supplier register of suppliers
During 2018 the aforementioned structure confirmed, by the Certification Body ASACERT, certification for SA8000: 2014 standards on "social accountability".
Furthermore, again in 2018, the structure, in collaboration with the similar ASTM structure, proceeded to implement a pre-operational IT platform of ERM (Enterprise Risk Management) inspired by the criteria of the ISO 31000 guideline. In this area, in December the certifying body ICMQ confirmed a compliance certificate for the application of ISO 31000:2015 risk assessment, which is the first such certification issued in Italy. The collaboration was also pursued according to the skills involved with the collection of data useful for the preparation of the Sustainability Report at Group level according to the principles of the ISO 26000 standard for the purposes of the first drafting of a specific Budget for the Construction Business Unit within the Group itself.
Furthermore and concurrently, 2018 was dedicated to stabilising the electronic register of suppliers which replaced the previous non-electronic version in 2017 with a significant improvement of the preliminary and control activities on all Itinera subcontractors. The launch phase also continued for the Foreign Section of the Register.
Finally, all the specific documentation for maintaining the Quality, Environment and Safety certification was prepared for both the Abu Dhabi branch and the Brazilian law company Itinera Costrucoes with specific missions on site, while that for the acquisition of similar certifications was prepared for the branch in Saudi Arabia.
In general, the forecast for 2019 is to consolidate and continue the expansion of the perimeter of certifications for the company with the aim of improving the general organisation and in particular the activities to be carried out abroad and all associated requirements.

• Employee training activities
In accordance with that which was implemented in previous years and with the support of the constructors committee and the construction school of Alessandria, specific training programs were created for employees based on job descriptions.
The total number of hours provided was 4478 for a total of 552 participating employees.
For 2019, this training activity will be continued.

Risks and uncertainties

In its business, the Itinera Group is exposed to risks and uncertainties that can be of general and financial nature or strictly associated to the nature and specific dynamics of its business.
The main types of risks that are generally monitored by the Itinera Group concern operating risks – represented by risks tied to construction

and relations with single purchasers – and financial risks.

Operating risk

The main risks linked to specific disputes with certain customers that began in previous financial years or which arose during the course of 2018, as detailed below.

• Purchaser CEPAV DUE - railway construction works of lots AV/AC Treviglio-Brescia section.
The works in question are covered by three separate contracts that were awarded between 2012 and 2013 to the CEPAV DUE consortium for a total initial value of approximately Euro 164 million. They relate to the construction of three lots of the high-speed/high-capacity Treviglio-Brescia Railway line, and the value was later increased to approximately 173 million Euro.
Right from the outset all three contracts were characterised by detrimental events and circumstances for the contractor, that was full to sustain extremely serious charges and damages as a result of the poor management in breach of laws and contractual provisions by the customer, which resulted in the entering within the works accounts of significant amounts as reserves ("claims"). The prolonged contractual duration also resulted in CEPAV DUE unfairly charging penalties to the contractor, despite it not causing any delay or damage to the Purchaser.
Given the impossibility to reach an amicable agreement and/or a settlement on the above-mentioned claims during the course of the works, the Group leader decided to file a specific lawsuit with the Court of Milan in order to have its rights recognised. During 2018 the operations of the CTU initiated by the Judge for Tender 3 began, concluded with the admission of the Report that determines recognition for Itinera S.p.A. and cancels the penalties applied by CEPAV 2.

• Purchaser Consorzio di Bonifica della Sardegna Centrale (Central Sardinia Reclamation Consortium) - Cumbidanovu Dam construction works

The works in question refer to the unitary execution of the contract awarded by the Consorzio di Bonifica della Sardegna Centrale based in Nuoro and falling into the OG5 category, necessary for the construction of the Cumbidanovu dam on the upper Cedrino, for irrigating the agricultural area of Orgosolo -Oliena Nuoro -Dorgali -Lula. The total contract amount, acquired in 2007, amounts to Euro 32 million.
On 18 November 2013, following the devastating passage of the Cyclone Cleopatra over eastern Sardinia, the entire site area was invaded by the waters of the rivers Cedrino and Sorasi in flood, with almost total destruction of the structures.
As a result, a total suspension of the activities was ordered, as per suspension report no. 6 of 21 November 2013 that the company has signed with reserve.
Following this suspension, the purchaser prepared a specific appraisal to proceed with the restoration of the damages, imposed by the suspension order of 30 April 2014, which was followed by the delivery report of the restoration work of the following May 5, signed with reserve by the company given the failed feasibility of the intervention for facts unrelated to the company.
Following the failure to issue the appraisal necessary for the continuation of the contract work,

the company first sent a letter of formal warning on 13 May to the purchaser and subsequently, on 26 June 2014, through the Court of Alessandria, Notice of Warning notified on 03 July 2014, followed by the Suspension Order No. 5 of 15 July 2014.
On 20 January 2016, the reservations on the Accounting Register were called up and updated to 19 January 2016, to sign the Act of Submission No. 4 – Appraisal of force majeure, with the relative Minutes of Agreement of the prices, and to sign the 2nd report of delivery of the restoration works with reserve.
Given the situation represented in the introduction, it was agreed to entrust the search for an amicable agreement for the settlement of the dispute to a commission pursuant to art. 240, established on 11 June 2016, which completed its work with the drafting of an Amicable Settlement on 30 March 2017.
However, the Purchaser Consortium has not formalised any specific settlement proposal, and the company has confirmed the reserves.
Finally, in February 2019, the Purchaser determined the unlawful and illegitimate termination of the contract due to alleged default.
For its part, the company immediately applied to the pertinent office for the inability of this termination to produce effects, with the procedure pursuant to art. 700, at the end of which the proceeding will be carried out on the merits with a request for compensation of the reserves on which the commission was expressed pursuant to art. 240, as updated until the termination is resolved, and the new damages arising as a result of this provision.

• Purchaser Anas – construction works of variant to SS. n. 1.

The works in question are covered by an Anas contract dated 25 February 2010 that was awarded to the temporary joint venture made up of CMC agent (51%) and Itinera principal (49%) for an overall initial value of approximately Euro 108 million relating to the construction of "S.S. no. 1 Nuova Aurelia – access infrastructure to the port hub of Savona – Interconnection between the motorway tool booths of the A10 in Savona and Albisola and the ports of Savona and Vado: bypass to SS1 Aurelia in the stretch Torrente Letimbro and Albissola Superiore", that was increased, with the additional deed of 19 June 2012, to approximately 132 million.
Since start of the contract, for which the works were carried out by the temporary joint venture through the consortium company Letimbro Scarl, there were detrimental events and circumstances for the contractor, but was forced to sustain very severe charges and damages for reasons not attributable to it; which resulted in the entering within the works accounts significant amounts as reserves ("claims").
In order to obtain the reimbursement of the requested sums, the temporary joint venture has entered a specific lawsuit in the court of Rome to have its claims upheld.
Following the serving of the summons the counterparty Anas activated the settlement procedure pursuant to article 240 of legislative decree 163/2006 although this did not have a positive outcome.
In the hearing of 27 June 2017 the judge considered the requested court appointed technical assessment CTU; with ruling of 5 July 2017, the judge upheld the request for a CTU.
During the year, the purchaser requested the renewal of the expert witness report that the judge, in the hearing of 24 September 2018,

completely rejected, as he did not find any acts contrary to the required diligence in the conduct of the expert witness.
On 6 February 2019 a court-appointed expert witness file was filed in favour of the temporary partnership.
The judge then set hearings for the parties' observations, for the definitive court-appointed expert witness and for the clarification of the conclusions.

• Receivables from Tubosider S.p.A.
The receivables from the subsidiary Tubosider S.p.A. as at 31 December 2018 amount to a gross total of euro 11.8 million compared to euro 12.9 million as at 31 December 2017; this reduction is due to the receipt of payments during the year of approximately euro 0.9 million; the net financial statements value of these items amounts to euro 8 million, as a result of the adjustment of euro 3.8 million deriving from the discounting effect on the repayment time horizon as established by the existing agreements.
The collection of the above receivables is currently governed by the settlement agreement that was signed by the parties on 17 June 2015 which provided, inter alia, the repayment of the residual debt by Tubosider S.p.A., through the payment of instalments of euro 0.5 million, aside from interest, to be paid by the 30 September of each year starting from 30 September 2015 until the payment of the final balance. The deadlines for the first four instalments have been met. Subject to the payment in instalments set forth above, the agreement also provides for the following obligations by Tubosider:

- payment of 20% of the turnover resulting from the execution of commercial contracts concluded at market conditions, as of 17 June 2015, with Aurelia Group companies; -payment of the amounts received from purchasers in the form of "claims" relating to specific contracts;

- acceptance of compensation by Itinera of its credit with its own and/or other Aurelia Group companies' payables through the assignment of credits from contractual relationships in progress at 17 June 2015.

Financial risks

Regarding financial risk management, the Group leader has identified them and defined the relevant management policies and associated objectives. As to the identification, the Group, in its routine business operations, is potentially exposed to the following financial risks:
- "market risk" represented by the risk that the value of assets and liabilities or future cash flows can fluctuate following market price changes that, in this case, can essential concern the interest rate and exchange market;
- "liquidity risk" due to the lack of adequate financial resources to meet business activities and reimburse undertaken liabilities;
- "credit risks" represented by both the risk of default in obligations undertaken by purchasers/customers and the risk associated with normal trade relations.

These risks are analysed – in detail – below:

• Market risk
With regard to the risk associated with interest rates, variations in the market levels of interest rates have an impact on the cost and yield of the various forms of funding and investment and thus have an impact on the total net financial charges.
The parent company's strategy, also referring to subsidiaries, aims to limit the same by monitoring the respective market dynamics by duly appointed company departments who work closely with the parent company's Central Financial Management to identify the optimal combination of fixed and variable rate loans and using – where this is deemed appropriate – specific hedging contracts.
With reference to the Group's financial indebtedness as at 31 December 2018, please note that this indebtedness is equally divided between "floating rate" and "fixed rate" and that the Group did not use, during the year, "financial instruments" to cover interest rate variations.
With regard to the exchange rate risk, which has been until now limited, this is bound to become increasingly more important in the future in light of the growing level of activity in foreign markets.

The Group is exposed to exchange rate risk deriving from various factors including (i) receipt and payment cash flows in different currencies to the financial statements currency (financial exchange risk); (ii) net investment of capital in subsidiaries with financial statements currencies not in Euro (translation exchange risk); (iii) deposits and/or loans in currencies that are different to the financial statements currency (transaction exchange risk).
The duly appointed company departments work closely with the ASTM Group's Central Financial and pursue a policy of hedging risk associated with variations in exchange rates, using financial resources that are available on the market, and in consideration of the level of exposure of individual contracts and projects to said risk.
As at 31 December 2018 there are no existing currency hedging operations but in virtue of the commencement of new sites these are likely to be put in place during the course of 2019.

• Liquidity risk
The "liquidity risk" represents the risk that the available financial resources may not be sufficient to meet obligations. This risk may emerge, substantially, from potential delay in collecting payments from purchasers – from both the public and private sector – and any difficulties in obtaining funding supporting business at the right time and at conditions that are not unfavourable.
The main factors that determine the liquidity situation are, on the one hand, resources generated or absorbed by business and investments and, on the other, the debt maturity and renewal characteristics or liquidity of financial commitments and market conditions.
The strategy adopted consists in pursuing, as much as possible, financial autonomy in current contracts, combined with limiting indebtedness and maintaining financial equilibrium. On this topic, the Group believes that the generation of cash flows, combined with the diversification of funding resources and the current availability of lines of credit, satisfactorily guarantee the planned funding needs.

• Credit risk
The Group's purchasers essentially come from the public sector, and thus have a good level of solvency, or are public and private companies with high credit ratings, such as motorway concession companies. The risk is therefore low, although, as already mentioned, cases of extended collection periods beyond contract terms and requests of payments in instalments is now extremely frequent.
Additionally, for construction companies, credit risk exposure analysis based on overdue is not relevant since receivables are assessed along with other working capital items to identify the net exposure with purchasers regarding total works in progress (work in progress inventories, advances, etc.) and specifically payables to subcontractors and suppliers in general for which the company attempts, as much as possible in managing operating leverage, to align due dates with purchaser collection periods.
In any case, all the companies belonging to the Group constantly monitor trade receivables and write down positions for which a partial or total non-recoverability is identified. As outlined above, it should be noted that unfortunately in recent years there has been a significant increase in the number of financial default and associated insolvency procedures for companies in the construction sector and respective supply chain, including even leading companies.
Unfortunately this situation has also affected parent company Itinera's partners in certain contracts that were carried out on a partnership basis, with inevitable negative consequences in operational terms, but also economic and financial terms considering the numerous commercial relationships and the associated credit and debit accounting entries deriving in particular within the normal operational instruments used for the joint execution of works, i.e. consortium companies in Italy and joint ventures abroad.
With regard to these cases, the following are examples of this type of risk faced by the Parent Company.

i. Contract for the execution of the works related to the "Strorstrom Bridge" (Denmark)
STORSTROEM BRIDGE JOINT VENTURE I/S, established for the execution of the works covered by the contract, is owned by Itinera S.p.A. for a

stake of 99.98%, while Condotte S.p.A. and Grandi Lavori Fincosit S.p.A. (later Fincosit S.r.l.) shareholdings reduced, each to 0.01%, following the bankruptcy proceedings in which they are – in the meantime – involved, the first in Compulsory Administration and the second of the pre-defined arrangement with creditors.
The shareholder Grandi Lavori Fincosit S.p.A. did not challenge the determination made by the JV, expressly provided for and regulated by point 4.4 of the JV Agreement. GLF has limited itself to communicating the transfer of the company branch including the relationship with the Customer DRD, to the newco Fincosit s.r.l. and to highlight, also reminding it lastly, the commitment assumed by the parties to point 4.5 of the JV Agreement to evaluate the possibility to entrust the maritime works, in subcontract or in other allowed form, in the case in which the reduction of its participation quota had been ordered. With reference to the position of Grandi Lavori Fincosit s.p.a., the decisions of the Customer regarding the possible replacement of Fincosit s.r.l. are therefore awaited; and maritime works were assigned to another company, in consideration of the difficult economic situation of Grandi Lavori Fincosit; no legal action was necessary against the shareholder.
Shareholder Condotte S.p.A., after submitting the application for admission to the Compulsory Administration procedure, has instead challenged the reduction of its shareholding in the JV. This shareholder – although claiming the alleged illegitimacy of that determination and fearing the alleged damages, patrimonial and otherwise, that would have followed – nevertheless finally expressed its desire to dissolve the contract, pursuant to art. 50 of the Legislative Decree 270/1999. Itinera confirmed the validity of its decision as in line with what was defined between the parties in the signed Joint Venture agreement, with reference to the non-fulfilment of the obligations by the shareholder. In relations with this shareholder it was therefore necessary, in order to avoid the possible exclusions deriving from the definition of the relative insolvency procedure, to put forward specific claims aimed at compensating the damages that Itinera and the Storstroem Bridge Joint Venture I/S have undergone, in the management of the order, due to the presentation of the original application for admission to arrangement with creditors by Condotte. These claims, proposed with separate requests, must still be examined by the procedure bodies.

ii. Contract for the execution of works relating to the "Pfons-Brenner Construction Lot" of the Brenner Base Tunnel

Itinera S.p.A. participates in the ARGE H51 Pfons-Brenner Joint Venture with a share of 44.99%, PORR Bau GmbH with a share of 40%, G. Hinteregger & Soehne Baugesellschaft mbH with a 15% stake; Condotte has seen its shareholding reduced from 35% to 0.01% pursuant to the shareholders' agreements signed, following the bankruptcy procedure in which it is – in the meantime – involved, of Compulsory Administration pursuant to Legislative Decree 270/1999.
As in the case of the contract for the execution of the works relating to the "Strorstrom Bridge", also in this case the Condotte shareholder, after submitting the application for admission to the Compulsory Administration procedure, contested the determination of reduction of its JV shareholding. However, unlike what happened for that contract, the Extraordinary Commissioners of Condotte have not exercised the right to terminate the contract in question pursuant to art. 50 of Legislative Decree n. 270/1999 but gave notice to the members of the JV to withdraw the determination of reduction of the shares of Condotte, announcing – otherwise – actions for compensation. Also in this case, in relations with Condotte it was therefore necessary to put forward specific compensation claims in order to avoid the possible foreclosures deriving from the definition of the relative insolvency procedure. These claims were therefore proposed both by Itinera, in the context of the file for bankruptcy already prepared for the order relating to the "Storstrom Bridge", and by the other shareholders, by means of the JV ARGE H51 Pfons-Brenner filing for bankruptcy for all higher costs incurred due to the presentation of the request for admission to the arrangement with creditors of Condotte and reversed on the JV.

These claims still need to be examined by the procedure bodies.

iii. Tender contracts in partnership with CMC di Ravenna.
Itinera is carefully evaluating the evolution of the orders in which the CMC di Ravenna participates in the groupings awarded the contracts (listed below), in order to identify any action necessary to protect its interests.

a. Tender contract for the execution of the "Arror" and "Kimwarer" dams
Itinera participates in the CMC di Ravenna ITINERA JV, with a stake of 99.999% and CMC has seen its quota reduced to 0.001%, with a shareholders' resolution unanimously accepted by the entitled parties on 7 February 2019. This determination – which also sanctioned the loss of CMC's right to keep its representatives in the corporate bodies of the consortium company – became necessary in the event of CMC not fulfilling the obligation of promptly issuing the counter-guarantees required for the constitution of the guarantees of correct execution of the works provided for in the contract. For the time being, the determination was not formally disputed by CMC, which however unilaterally requested the KVDA client to further extend the validity of the Bid Security already issued. This unilateral initiative – also rejected by the client – was therefore disputed by Itinera, which reserved the right to take action against the CMC shareholder in order to be kept free from all the prejudicial consequences that might derive from the possible termination of the contract or, in any case, from the loss of the order.

b. Tender contract for the execution of works on State Road SS N°1 NUOVA AURELIA -"Access road construction work to the Savona port hub -interconnection between A/10 Savona and Albisola exits and the ports of Savona and Vado - Variant to SS 1 Aurelia in the segment between Savona torrente Letimbro and Albisola superiore.

CMC and Itinera participated in the tender for the assignment of the works in question in temporary partnership with the percentages of 51% (CMC) and 49% (Itinera).

Following the award in their favour, they signed the contract with ANAS on 25 February 2010 and, for the execution of the works, they set up the limited liability consortium company LETIMBRO S.c.a.r.l. participating in the company in the same shares as the temporary partnership.

On 4 December 2018, CMC submitted an arrangement with creditors with reserves.

In an attempt to overcome the stalemate of the works, on 25 January 2019, CMC and Itinera reached a Settlement Agreement which provides, among other things, for the withdrawal of CMC from the contract subject to obtaining the authorisation from ANAS and the authorisation of the Court as judge of the arrangement procedure of CMC.

ANAS has expressed its authorisation with a communication dated 1 February 2019.

Despite the expiration of the 15-day deadline pursuant to art. 12 of the inter partes Settlement Agreement, no communication was received from CMC concerning the authorisation of the Court.

In the meantime, the works of the contract have been stopped for months with the risk of disputes by the Customer.

At the same time, the judgement started against ANAS at the Civil Court of Rome Sec. III Companies -Mr. Romano -RG 39536/2016 for the recognition of the reserves formulated during the works (until 22 August 2016), in the framework of which the preliminary draft of court appointed expert witness was received which considered the requests for the company's continuation and economic requests to be founded. On this draft report the remarks of the CTPs are being prepared, followed by the preparation of the definitive CTU report, as already represented in the section on Operational Risks.

Main Group company business trends

The following are the economic and financial results of the main consolidated Group companies, namely the parent company Itinera S.p.A., Taranto Logistica S.p.A., SEA Segnaletica Stradale S.p.A. and the Halmar Group:

ITINERA S.P.A.

The company's main economic components according to IAS international accounting policies can be broken down as follows:

ITINERA S.p.A. - INCOME STATEMENT *(in thousands of Euro)*	2018	2017	CHANGE
Operating income	394.863	326.622	68.241
Operating costs	(377.071)	(310.829)	(66.242)
Gross operating income (EBITDA)	**17.792**	**15.793**	**1.999**
Amortisation and depreciation	(9.386)	(9.723)	337
Operating result (EBIT)	**8.406**	**6.072**	**2.334**
Financial management results	(4.514)	(999)	(3.515)
Earnings before taxes	**3.892**	**5.071**	**(1.179)**
Income taxes	(3.380)	(2.520)	(860)
Income including third party share	**512**	**2.551**	**(2.039)**

Production posts an increase from 326.6 million Euro in 2017 to 394.9 million Euro in 2018 (+20.9%). A similar change was recorded for operating costs since they rose from Euro 310.8 million in 2017 to Euro 377 million (21.3%).

The operating margin (EBIT) dropped from 6.1 to 8.4 million Euro in absolute value and from 1.83% to 2.11% of operating revenues in percent terms.

Financial revenues and charges were negative for a total of Euro 4.5 million – given by the mathematical sum of income for Euro 5.8 million and charges for Euro 10.3 million – over the negative data of Euro 1 million in 2017.

Income for the year totals 512 thousand Euro (2,551 thousand Euro in 2017).

The **net financial position** as at 31 December 2018 posts a negative balance of Euro 21.2 million over the negative balance of 14.2 million Euro posted as at 31 December 2017; it is broken down as follows:

ITINERA S.p.A. - NFP *(in thousands of Euro)*	31.12.2018	31.12.2017
Funds available in bank accounts	56.461	48.877
Cash and expense funds	135	207
Short-term leasing payables	(239)	(501)
Short-term payables to other investors	(11.447)	-
Short-term bank payables	(64.231)	(35.792)
Current financial borrowing	**(19.321)**	**12.791**
Trade receivables (*)	19.182	13.817
Medium/long term leasing payables	(67)	(331)
Medium/long term bank payables	(21.005)	(40.513)
Net financial position	**(21.211)**	**(14.236)**

(*) The financial credit of euro 8.1 million that was granted to Federici was not included in the net financial position as it was entirely or partially used to increase the subsidiary's equity.

The decrease of Euro 7 million is essentially due to the resources absorbed by investment activities (Euro 0.8 million), operating activities (Euro 1.1 million) and extraordinary operations (Euro 5.1 million).

TARANTO LOGISTICA S.P.A.

The company mission is the design and execution of works and services regarding the Port of Taranto infrastructure hub – Logistics Platform integrated in the "Adriatic corridor" intermodal trans-European system and the management of the logistics platform as concession holder.
The company's main economic components according to IAS international accounting policies, can be broken down as follows:

TARANTO LOGISTICA S.p.A. - INCOME STATEMENT *(in thousands of Euro)*	2018	2017	CHANGE
Operating income	42.366	37.386	4.980
Operating costs	(42.358)	(37.390)	(4.968)
Gross operating income (EBITDA)	**8**	**(4)**	**12**
Amortisation and depreciation	(3)	(3)	-
Operating result (EBIT)	**5**	**(7)**	**12**
Net financial income and expenses	(229)	(223)	(6)
Earnings before taxes	**(224)**	**(230)**	**6**
Income taxes	29	66	(37)
Period result	**(195)**	**(164)**	**(31)**

The loss posted in 2018 is due to general expenses and other non capitalised costs. This situation is expected to continue until the year in which the subsidiary earns its initial income, not effecting, in any case, the profit outlook and value of the investment.
As explained in previous management reports, despite the constant commitment by the concessionaire, the occurrence of a series of unforeseen and unforeseeable issues hindered compliance with the work delivery schedule presented by the Grantor.
The concessionaire sent the Grantor an updated work schedule which has established as the new completion date of all works for the Port Hub 31 March 2020, as opposed to the originally scheduled date of 30 November 2018. On 25 September 2018, the Grantor granted an extension for the completion of the works until 01 April 2020. But even this new schedule could still be affected by new events impeding the normal advancement of the works.
The net financial position as at 31 December 2018 reveals a negative balance of Euro 9,125 thousand (Euro -5,922 thousand as at 31 December 2017).

TARANTO LOGISTICA S.p.A. - NFP *(in thousands of Euro)*	**31.12.2018**	**31.12.2017**
Funds available in bank accounts	3.020	6.217
Cash and expense funds	5	5
Current financial borrowing	**3.025**	**6.222**
Medium/long term bank payables	(12.150)	(12.144)
Net financial position	**(9.125)**	**(5.922)**

SEA SEGNALETICA STRADALE S.P.A.

The Company's mission is to carry out horizontal and vertical signage works with motorway concessionaires (Autostrade per l'Italia, Satap SpA, Salt, Autostrada dei Fiori, Autostrada SAV, Ativa, Rav Raccordo Autostradale Valle d'Aosta, Autostrada Asti Cuneo, Milano Serravalle Milano Tangenziale, Autovia Padana and Sitaf), using high-tech new generation products and procedures. The company's main economic components according to IAS international accounting policies can be broken down as follows:

SEA SEGNALETICA STRADALE S.p.A. - INCOME STATEMENT* *(in thousands of Euro)*	**2018**	**2017**	**CHANGE**
Operating income	20.995	20.122	873
Operating costs	(14.954)	(14.405)	(549)
Gross operating income (EBITDA)	**6.041**	**5.717**	**324**
Amortisation and depreciation	(861)	(727)	(134)
Operating result (EBIT)	**5.180**	**4.990**	**190**
Net financial income and expenses	1	(487)	488
Earnings before taxes	**5.181**	**4.503**	**678**
Income taxes	(1.376)	(1.654)	278
Period result	**3.805**	**2.849**	**956**

(*) The data refer to the entire financial year of the subsidiary. Remember that the same was acquired by Itinera on 4 July 2018.

SEA SEGNALETICA STRADALE S.p.A. - NFP *(in thousands of Euro)*	31.12.2018	31.12.2017
Funds available in bank accounts	1.905	2.475
Cash and expense funds	2	2
Short-term bank payables	(836)	(2.817)
Current financial borrowing	**1.071**	**(340)**
Medium/long term bank payables	(2.177)	(3.013)
Net financial position	**(1.106)**	**(3.353)**

The **net financial position** as at 31 December 2018 reveals a negative balance of Euro 1,106 thousand (Euro - 3,353 thousand as at 31 December 2017).

GRUPPO HALMAR

Following are the key figures on Halmar Group's contribution to the Itinera Group consolidation.

HALMAR GROUP -INCOME STATEMENT *(in thousands of Euro)*	2018	2017
Operating income	192.425	67.355
Operating costs	(181.616)	(62.886)
EBITDA	**10.809**	**4.469**
EBITDA (%)	5,62%	6,63%
Amortisation and depreciation	(2.580)	(1.263)
EBIT	**8.229**	**3.206**
EBIT (%)	*4,28%*	*4,76%*
Financial management results	(6.395)	(190)
Earnings before taxes	**1.834**	**3.016**
Taxes	(30)	1
Consolidated results	**1.804**	**3.017**
Results pertaining to minority shareholders	652	348
Group results	**1.152**	**2.669**

Core business revenues for the period totalled Euro 192.4 million and are related to works directly completed by Halmar International LLC and its subsidiaries.
The projects that have had the greatest impact on production in the 2018 financial year are: the Harrison Station reconstruction works for New York's "Port Authority", design works and construction of the expansion of the Long Island Rail Road for the "Metropolitan Transportation Authority", work on the construction of the Grand Central Station in New York, the works to improve the Metro North Station in Connecticut and the project acquired in September 2018 relating to the modernisation of the Kew Garden road junction in New York.

Operating costs mainly concern personnel costs for Euro 33.9 million, service costs for Euro 122.2 million and raw material purchase costs for Euro 25.2 million.
Financial management results include financial charges for Euro 0.8 million and the negative effect of Mill Basin equity evaluation for Euro 5.7 million. The company has completed the bridge construction work, however in the demolition phase of the existing bridge it has had to, and will have to face, greater costs than those originally envisaged; this has led to a final statement of a significant loss during the year.
As for *taxes*, please note that since Halmar is an LLC, these are at the shareholders' expense.
Following are the main asset and liability posts

HALMAR GROUP - STATEMENT OF ASSETS AND LIABILITIES *(in thousands of Euro)*	**31.12.2018 CONSOLIDATED**	**31.12.2017 CONSOLIDATED**
Net assets	13.101	9.608
Non current assets (liabilities)	6.019	9.278
Tax assets (liabilities)	(378)	(409)
Reserve for risks and charges, Severance	(436)	(848)
Working capital	(11.991)	13.564
Total net invested capital	**6.315**	**31.193**
Shareholders' equity	**29.521**	**26.649**
Net financial position	**23.206**	**(4.544)**
Debt/equity	***-0,79***	***0,17***

Non-current assets and liabilities mainly include the equity investment held in the Mill Basin. Contructors LLc, a company 50% owned by the company Halmar International LLC registered at net equity value. Negative net working capital for Euro 12 million includes inventories for work in progress for Euro 8.7 million, trade receivables for Euro 45.9 million, other receivables for Euro 8.5 million compensated by trade payables for Euro 35 million and other payables for Euro 40.2 million (including advances for Euro 35 million). The net financial position is broken down below:

GRUPPO HALMAR - NFP *(in thousands of Euro)*	**31.12.2018**	**31.12.2017**
Funds available in bank accounts	24.168	15.269
Cash and expense funds	758	10
Short-term financial receivables	11.845	
Short-term leasing payables	(537)	(951)
Amounts due to other investors		(2.493)
Short-term bank payables	(9.388)	(13.128)
Short-term net financial position	**26.846**	**(1.293)**
Medium/long term leasing payables	(1.287)	(299)
Payables to other medium/long lenders		(390)
Medium/long term bank payables	(2.353)	(2.562)
Total net financial position	**23.206**	**(4.544)**

Financial receivables refer to liquidity invested in JP Morgan funds by the 3rd Track which can be immediately liquidated, payables to banks include medium/long-term loans. For loans, please see that already described in paragraph "Group economic, equity and financial situation analysis".

Main Group subsidiaries

The economic and financial results of the Group's main and non-consolidated subsidiaries, namely Federici Stirling Batco LLC and Euroimpianti S.p.a., are illustrated below.

FEDERICI STIRLING BATCO LLC, Joint venture -associated company
Registered offices: Muscat (Sultanate of Oman); Share Capital: Oman Rial 1,000,000; Shares: 34.30% (representing 49% of economic interests) With regard to 2018 results, the financial statements have not yet been drafted; the situation as at 31 October 2018 that was submitted for the approval of the board highlights a turnover of approximately 9.9 million Omani rial, which is equal to approximately euro 21.7 million, while the result shows a loss of 4.6 million Omani rial (euro 10 million).
With regard to the future prospects of the subsidiary we can reasonably expect an improvement in the Omani market which is reflected in the Business plan 2019-2023 approved by the board. The impairment test carried out on the equity investment revealed indicators of a lasting loss of value and the Parent Company therefore proceeded to a write-down of Euro 9.2 million. The impact of the write-down on the consolidated figures was less since the Group had already recognised the pro-quota of the subsidiary's losses in previous years. The equity adjustment of Federici in 2018 is equal to a pro-quota loss amounting to Euro 5.6 million.

EUROIMPIANTI S.p.A., Company subject to parent company's control
Registered offices: Tortona; Share capital: Euro 120,000; Shares: 5%
The company operates in the sector of the design and manufacturing of electrical, telecommunication and electronic systems as well as electrotechnical, electromechanical and electronic devices.
During the course of 2018 Euroimpianti S.p.A. continued its activity with a focus on the execution of works and services for motorway concessionaires and construction companies belonging to the ASTM Group and companies it has shares in, and on behalf of external customers, that were executed directly or in groupings with other companies.
The value of production reported for the 2018 financial year is euro 35.1 million, with a profit of euro 1.9 million and a net financial position of euro 1.8 million.

Specific information required by regulations

Company Administrative Responsibilities

During the year, the management and monitoring of the organisation, management and control model pursuant to Legislative Decree 231/01 continued and was further strengthened also through the integration of the internal control system within the company. During the year, some organisational changes were progressively introduced, then merged into the issue, with corporate statement CO_Itinera_ 06/2018 of 15 October 2018 circulated to all personnel, of the update of the organisational macro-structure of the Parent Company also showing the description of first level roles. In particular, due to the area of interest, the introduction of the Internal Audit and Compliance position, reporting to the Chairman, as well as within the Administration, Finance, Control, Corporate and Information Systems Department, the inclusion of the Cost Controller and the integration of the Area Controllers which, among other things, must guarantee the dissemination and monitoring of the correct application of the procedures and methodologies in use within the spheres of influence, is of note. Finally, it should be noted that the Parent Company has, on a voluntary basis and in relation to the provisions of the European legislation on personal data, appointed a Data Protection Officer (DPO) or Data Protection Manager – a new independent body introduced by the European Regulation 2016 / 679 (so-called "GDPR")

- with monitoring and supervisory duties regarding the protection of personal data. Following the revision of the Code of Ethics and the 231 Model which took place, respectively in December 2018 and August 2017, on 9 March 2018 the Parent Company issued a further update of the Code of Ethics and Conduct and of the Organization, Management and Control Model 231, which has been revised and integrated into the light, inter alia of:
- regulatory variations introduced in the classification of crimes in legislative decree 231/2001;
- the evolution of the Group leader's business activity,
- the new system of proxies adopted;
- the updating of the organisational structure;
- the review and supplementing of the procedural body. The Group leader also proceeded with the progressive reviewing of the internal organisational procedures in order to implement new controls on the new areas at risk of crimes that were introduced during the course of the financial year, and the improvement of internal controls on the most sensitive areas and it also commenced defining flows and management procedures of business activities in foreign countries. It should also be noted that, during the year, also on the impulse of the parent company ASTM, the Group leader took steps to adopt the Sustainability Policies in order to promote and disseminate its ethical, legality, honesty and transparency values and to prevent, as far as reasonably possible, any risk of behaviour that does not comply with these principles and in violation of the laws and rules of ethical behaviour to which the Company and the Group abides.

In this context, therefore, an i) Anti-Corruption Policy was issued, aimed at minimising the risk of conduct attributable to corruption and that must be applied to members of corporate governance bodies, employees, collaborators and third parties who in various ways entertain relations with the Parent Company, ii) a Supplier Code of Conduct whose acceptance must be, in fact, obligatory for all suppliers who enter into contractual relationships with the same and who report the ethical principles of work, respect and protection of quality, environment and safety to which these suppliers are obliged to comply and, finally, iii) a document entitled "Diversity and inclusion policy" with which the parent company reaffirms its commitment to guarantee its employees, in the context of the employment relationship, the protection of human rights and promotion of values of equality, respect and mutual tolerance. During the year, the Parent

Company also continued the systematic management of its suppliers' qualification system (Supplier Register), also in view of the progressive extension of its application perimeter, starting from the 2019 financial year, to foreign sites. Please remember that for a supplier to maintain its status (and thus remain in the Register of Suppliers) it needs to maintain the admission criteria and comply with company rules, including those contained in the Parent Company's Code of Ethics and Conduct. During the year, the activities of the Supervisory Body continued regularly by holding of periodic meetings during which, in the context of the activities connected with the performance of the usual Supervisory functions, the Body in particular provided:

- to update the scope of the areas of intervention, also by mapping the foreign realities, and the audit plan;
- to examine the regulatory developments that have an impact on the administrative responsibilities of institutions (Legislative Decree 231/01) and the extension of alleged crimes;
- to monitor the evolution of the organisational structure and business processes;
- to examine the periodic reports sent by the department managers and the results concerning the procedures subject to verification;
- to implement information exchanges useful for the performance of their duties: meetings were organised during the period with: the DPO, the Board of Statutory Auditors, the Director of Administration, Finance, Control and Corporate Affairs and Information Systems; the SB also promoted a fact-finding meeting with the Internal Audit and Compliance Department;
- to prepare mid-year reports for the Board of Directors.

Research and development

The Group did not perform research and development activities.

Parent company shares or stocks

The Group Leader does not own treasury shares. During the year, no own shares or holdings or shares in parent companies were disposed or purchased, even through trust companies or other persons.

Fees due to Group Leader Directors and Auditors

Fees due to Itinera S.p.A. Directors and Auditors for their offices in the Group Leader and other companies included in the consolidation are the following:

	2018	2017
Corporate body fees		
Board of Directors	830	407
Board of Auditors	63	46
Total	***893***	***453***

Relations with subsidiaries, associated companies, parent companies and with companies subject to their control

Regarding relations with non consolidated subsidiaries, associated companies, parent companies and with companies subject to their control, please see that illustrated in the Explanatory Notes.

Project L. 262/2005

Itinera, as subsidiary of listed company ASTM S.p.A., is subject to the instructions introduced by Law 28 December 2005, no. 262 and by Legislative Decree 29 December 2006 no. 303, amending Legislative Decree 58/98 (Tax Consolidation Act) that regulate, among others, the nomination of the "Manager in charge of preparing corporate accounting documents", already in 2007 nominated the "Manager in charge of preparing corporate accounting documents", who issued, in concert with the Board of Managing Directors, a specific report relevant to these financial statements.

Other events of the year

In October 2016 the Company was informed of an ongoing investigation by the public prosecutor's office in the Court of Milan, on crimes of association and conspiracy, that also concerned one of its employees, which the Company has distanced itself from, by dismissing the employee on a just cause basis and revoking all of the powers that had been assigned to this employee.
From the records of the proceedings in the Court of Milan, Itinera was shown to be to an injured party.
The above investigation resulted in criminal proceedings against a number of individuals, including the company's former employee, who were charged with the crime of p. e p. by art. 416 of the criminal code.
The criminal proceeding, following an abridged procedure (pursuant to art. 438 et seq. of the Criminal Code), was concluded with a sentence of first degree against the former employee, two years imprisonment, with the benefit of the conditional suspension of penalty and no mention on the criminal record.
Subsequently, the Court of Appeal of Milan, in the reform of the first degree sentence, acquitted the former employee of the attributed crimes.
The former employee had another criminal trial pending in the Court of Milan, for the crime in art. 2356 of the Italian civil code. At the hearing of 12 February 2018, the Court of Milan declared its lacked jurisdiction, submitting the records of the case to the Public Prosecutor's Office of Bergamo.
Before the Court of Alessandria, acting as a labour judge, Itinera and the aforementioned former employee, reconciled the dispute between them arising from the appeal of the dismissal imposed on the latter, with – inter alia – revocation/renunciation of Itinera to establish a civil party in both the aforementioned criminal proceedings against the same.
As for Itinera, the situation can be considered definitively concluded for all its aspects.

Information regarding the parent company

Following the sale by Aurelia S.r.l., on 27 September 2018, of 40% of the investment held in Nuova ARGO Finanziaria S.p.A., the percentage of indirect control by Aurelia S.r.l. in Itinera S.p.A. was reduced. The same transaction also eliminated the requirement of control pursuant to art. 117 TUIR by Aurelia S.r.l. on the company Itinera S.p.A. with consequent interruption of group taxation before the end of the three-year period.

Business outlook

The estimates for the 2019 financial year, based on the current composition and time schedule of the order portfolio, indicate a further significant growth in the production volume for the Group, in line with the objectives of the five-year Business Plan revised and updated in November 2017 and focused on a strategy based on the one hand, in organisational strengthening and, on the other, on growth in foreign markets and on maintaining current production levels on the domestic market.

The company's growth objectives are included in a market that is still particularly difficult and characterised by widespread complexity; the achievement of the aforementioned production volumes is based on an environment characterised by design delays and the final approval of projects, appeals by competing companies, postponement of contract signing, problems of a technical nature, financial difficulties of the members, events that unfortunately frequently occur in the context of construction activity; in fact, some orders already present in the portfolio of the Parent Company have registered start-up delays for the reasons listed above both in Italy (Asti-Cuneo, etc.) and abroad (Brenner, Kuwait, Kenya, Denmark).

In addition to the problems already represented, there are the economic and financial difficulties of some important Italian partners, leading to admission to insolvency and bankruptcy proceedings, to primary projects in Italy and abroad (i.e. Kenya, Denmark, Austria); this has led to operational slowdowns and uncertainties regarding the methods of carrying out some works and, consequently, the reliability of the expected volumes.

The expected turnover of the Group should in any case be around 1 billion Euro, developed entirely by the works already in the portfolio; this result would confirm the positive results achieved by the commercial policy of the parent company Itinera SpA, able both to establish relations and partnerships with national and international companies, and to acquire orders in new markets.

The margin is also expected to be in line with that of the year just ended.

The Group's financial situation can be defined as satisfactory, having reached a positive net financial position; this result is even more important in light of the very critical financial situation that characterises the construction sector; the company's expectations for 2019 foresee a slight decrease in the NFP, also in relation to the investments planned in the numerous construction sites in the start-up phase.
The plan for streamlining and concentrating business activities that is ongoing in the Group and described in this Report has led to the sale or planned sale of stakes in mature motorway companies (so-called "Brownfield") and will enable the Itinera Group to concentrate its financial resources on its core business, i.e. growth in the construction sector. The significant value of cash and unsecured loans, granted by financial institutions enables the group to support the growth and development plan contained in its multiyear development and business plan.
In strategic terms, therefore, the development lines and objectives contained in the Business Plan remain confirmed, which sees the further growth of the activity on foreign markets as a fundamental cornerstone, ever more predominant part of the turnover.
With reference to corporate organisation and personnel, the process aimed at adapting them to the new needs related to the development plan will continue, both in the technical / operational sphere, in particular by strengthening the experiences on foreign markets, and in the economic-financial sphere, to govern the management and control of administrative and financial processes, fundamental when working on complex projects, and, finally, with regard to the head office structures in all its different areas, with particular reference to procurement, administration and control of management and human resources, with the aim of achieving an efficient and effective structure of the staff services that support the activity carried out.
Finally, with reference to the subsidiary Halmar, the continuation of the strengthening of both the operating and office workforce is expected, with the recruitment of new staff also coming from Italy; in addition, the commercial scouting process will continue in the United States, with the further objective of supporting the parent company ASTM in the development of PPP projects on the US market.

Tortona, 07 March 2019

For the Board of Directors
The Chairman
Mr. Rosario Fiumara

Group Financial Statements

Itinera Group's Balance Sheet

(amounts in thousands of Euro)	Notes	31/12/2018	31/12/2017
Assets			
Non-current assets			
1. Intangible assets	1		
a. goodwill		43.991	40.831
b. intangible assets		1.824	1.505
c. licenses - revertible assets		35.739	33.986
Total intangible assets		81.554	76.322
2. Tangible assets	2		
a. buildings, plants, machinery and other assets		57.219	32.382
b. real estate property investments		4.525	4.657
c. assets under financial lease		3.463	5.024
Total tangible assets		**65.207**	**42.063**
3. Non-current financial assets	3		
a. shares measured using the equity method		17.869	75.983
b. Other equity investments		22.317	27.806
c Other non-current financial assets		31.040	14.108
Total non-current financial assets		**71.226**	**117.897**
4. Deferred tax assets	4	11.003	9.522
Total non-current assets		**228.990**	**245.804**
Current assets			
5. Inventories and contractual assets	5	218.469	131.017
6. Trade receivables	6	205.183	178.405
7. Current tax assets	7	12.332	7.732
8. Other receivables	8	46.108	14.643
9. Current financial assets	9	16.449	847
Total		**498.541**	**332.644**
10. Liquid funds and equivalents	10	110.184	88.836
Subtotal current assets		**608.725**	**421.480**
11. Discontinued operations/Non-current assets held for sale	11	-	10.931
Total current assets		**608.725**	**432.411**
Total Assets		**837.715**	**678.215**

(amounts in thousands of Euro)	Notes	31/12/2018	31/12/2017
Net equity and liabilities			
Shareholders' equity	**12**		
1. Shareholders' equity posted to parent company shareholders			
a. share capital		86.837	86.837
b. reserves and profits		130.400	138.981
Total		**217.237**	**225.818**
2. Shareholders' equity posted to minority shares		15.775	14.123
Total net equity		**233.012**	**239.941**
Liabilities			
Non-current liabilities			
3. Contingency and severance reserves	13	9.870	10.768
5. Other payables and contractual liabilities	14	24.308	10.430
6. Bank payables	15	37.686	55.220
7. Other financial payables	16	1.355	1.020
8. Deferred tax liabilities	17	1.200	1.840
Total non-current liabilities		**74.419**	**79.278**
Current liabilities			
9. Trade payables	18	234.332	142.430
10. Other payables and contractual liabilities	19	203.012	158.483
11. Bank payables	20	76.725	50.521
12. Other financial payables	21	12.283	4.665
13. Current tax liabilities	22	3.932	2.897
Total current liabilities		**530.284**	**358.996**
Total liabilities		**604.703**	**438.274**
Total liabilities and net equity		**837.715**	**678.215**

Itinera Group's Income Statement

(amounts in thousands of Euro)	Notes	2018	2017
Revenues	23		
1. revenues from contracts with cus tomers		621.036	386.187
2. changes in work in progres s, semi-finished and finished products		(609)	2.016
3. other revenue	23.1	12.369	11.994
Total Revenue		**632.796**	**400.197**
4. Employee costs	24	(101.582)	(67.262)
5. Service costs	25	(381.192)	(253.169)
6. Raw material costs	26	(101.762)	(50.264)
7. Other costs	27	(14.646)	(10.504)
8. Amortisation and depreciation	28	(9.518)	(6.638)
9. Other provisions for ris ks and charges	29	(391)	(1.542)
EBIT		**23.705**	**10.818**
10. Financial income:	30.1		
a. from equity investments		711	1.395
b. other		2.121	1.425
11. Financial expenses:	30.2		
a. interest payable		(1.431)	(1.013)
b. other		(312)	(3.135)
12. Profit (loss) from companies assessed with the net equity method:	31	(11.245)	(990)
Profits (Loss) before taxes		**13.549**	**8.500**
13. Taxes	32		
a. Current taxes		(1.167)	(3.279)
b. Deferred tax		(3.365)	1.177
Profit (loss) for the year		**9.017**	**6.398**
· amount attributable to minority shares		1.246	1.695
· amount attributable to the Group		7.771	4.703
Earnings per share	33		
Core and diluted earnings (Euro per share)		*0,091*	*0,054*

Itinera Group's Comprehensive Income Statement

(amounts in thousands of Euro)	2018	2017
Profit for the year (a)	**9.017**	**6.398**
Actuarial profits (loss) on employee benefits (severance)	(17)	38
Shareholding fa ir value measurement	(5.779)	1.388
Tax effect on profits (loss) not subsequently reclassified in the Income statement	4	(9)
Profits (loss) not subsequently reclassified in the Income statement (b)	**(5.792)**	**1.417**
Exchange gain reserve	3.094	(5.758)
Profits (loss) subsequently reclassified in the Income statement when certain conditions are met (c)	**3.094**	**(5.758)**
Comprehensive economic result (a) + (b) + (c)	**6.319**	**2.057**
• amount attributable to minority shares	1.933	888
• amount attributable to the Group	**4.386**	**1.169**

Itinera Group's Statement of Cash Flows

(amounts in thousands of Euro)	2018	2017
Liquid funds and equivalents starting balance	**88.836**	**55.228**
Change in scope of consolidation[1]	4.346	17.656
"Adjusted " liquid funds and equivalents starting balance (a)	**93.182**	**72.884**
Profits (loss)	**9.017**	**6.398**
Adjustments		
Amortisation	9.173	6.538
Severance reserves adjustment	477	168
Provisions for risks	1.052	1.542
(Profi ts) loss from companies assessed with the net equity method (net of collected dividends)	11.245	990
Gains on the disposal of as sets	(1.043)	
Financial asset (adjustments) writedowns	(125)	836
Operating Cash Flow (I)	***29.796***	***16.472***
Net variation in deferred tax assets and liabilities	3.492	(1.175)
Change in net working capital (Note 32.1)	27.037	12.285
Other general operating activi ties changes (Note 32.2)	(2.667)	(4.354)
NWC variation and other variations (II)	***27.862***	***6.756***
Liquidity generated (absorbed) by operating activities (I+II) (b)	**57.658**	**23.228**
Reversible asset investments	(42.340)	(37.381)
Reversible asset contributions	23.327	20.844
Net investments in reversible assets (III)	***(19.013)***	***(16.537)***
Investments in buildings, plants, machinery and other assets	(14.000)	(5.377)
Investments in intangible as sets	(91)	(25)
Net alienations of buildings, plants, machinery and other as sets	3.820	1.348
Net investments in tangible and intangible assets (IV)	***(10.271)***	***(4.054)***
Investments in non-current financial assets	(11.312)	(17.631)
Non-current financial asset disposals	13.330	57.948
Net investments in non-current financial assets (V)	**2.018**	**40.317**
Extraordinary transactions (VI)	***(5.278)***	***(51.837)***
Liquidity generated (absorbed) by investments (III+IV+V) (c)	**(32.544)**	**(32.112)**
New medium/Long-term loans	-	42.614
Medium/Long-term loans (reimbursements)	(43.030)	(25.012)
Change in other financial payables	50.801	8.311
Change in current financial assets	(15.602)	(847)
Variation in thi rd party net equity	(280)	-
Variation in Group net equity	-	(231)
Liquidity generated (absorbed) by financial activities (d)	**(8.111)**	**24.835**
Liquid funds and equivalent closing balance (a+b+c+d)	**110.185**	**88.836**
Taxes paid in the year	3.703	54
Financial charges paid in the year	1.431	913

(1) The change in the scope of consolidation refers to cash originating from the consolidation of Interstrade S.p.A. (through merger by incorporation with Itinera S.p.A.) and Sea Segnaletica Stradale

Itinera Group's Statement of changes in Shareholders' Equity

Amounts in thousands of Euro	Share capital	Share premium reerve	Legal reserve	Merger losses	Cancellation gains	"Fair Value" revaluation reserves	Extraordinary reserve	Exchange gain reserves	Severance actualisation reserves	Retained earnings (loss)	Profit (loss) for the year	Group Total	Third parties	Group Total + Third parties
31 December 2016	**86.837**	**26.901**	**5.083**	**13.919**	**58**	**-**	**92.975**	**1.344**	**206**	**(9.029)**	**5.944**	**224.238**	**508**	**224.746**
Allocation of 2016 results			551				9.439	230		(4.276)	(5.944)	-		-
Change in scope of consolidation										411		411	12.727	13.138
Other changes													-	-
Result for the period						1.388		(4.951)	29		4.703	1.169	888	2.057
31 December 2017	**86.837**	**26.901**	**5.634**	**13.919**	**58**	**1.388**	**102.414**	**(3.377)**	**235**	**(12.894)**	**4.703**	**225.818**	**14.123**	**239.941**
Allocation of 2017 results			141				2.907	(230)		1.885	(4.703)		-	-
Change in scope of consolidation													-	-
Other changes				(2.228)						(10.740)		(12.968)	(280)	(13.248)
Result for the period						(5.779)		2.407	(13)		7.771	4.386	1.933	6.319
31 December 2018	**86.837**	**26.901**	**5.775**	**11.691**	**58**	**(4.391)**	**105.321**	**(1.200)**	**222**	**(21.749)**	**7.771**	**217.236**	**15.776**	**233.012**

Explanatory notes

Basis of consolidation and accounting principles

Itinera S.p.A. prepares the consolidated financial statements for 2018 that are submitted for legal audit to PricewaterhouseCoopers S.p.A..

Basis of presentation

The consolidated financial statements were prepared - based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/02/2005 - according to **IFRS international accounting criteria** issued by the International Accounting Standard Board (IASB) and approved by the European Commission. IFRS also means all the reviewed international accounting criteria ("IAS"), all the International Financial Reporting Interpretations Committee interpretations ("IFRIC"), previously called Standing Interpretations Committee ("SIC").
The consolidated financial statements are made up of the Balance Sheet, the Income Statement, the comprehensive Income Statement, the cash flow statement, the statement of changes to net equity and these Explanatory Notes, applying that set forth by IAS 1 "Presentation of the Financial Statements" and general cost criteria. The Balance Sheet is presented based on the layout that divides current and non-current assets and liabilities, while costs are presented in the Income Statement using the classification based on their nature. The cash flow statement is presented using the "indirect method".
The consolidated financial statements for the 2018 financial year have been prepared on a going concern basis as there is a reasonable expectation that the Itinera Group will continue its operations in the foreseeable future and in any case over a time frame of more than 12 months.

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Consolidation with the integral method
Consolidation with the "integral method" consists, in brief, in posting the consolidated companies' assets and liabilities, costs and revenues, regardless of the amount of shares held and allocating to minority shareholders, in a specific Net Equity item called "Minority shareholdings and reserves", the due amount of profits and reserves.

The main consolidation adjustments made are the following:

1. Elimination of the book value of the investments consolidated with the integral method and of the corresponding fractions of the shareholders' equity of these attributing, to the single asset and liability items, the current value on the date of acquisition of the control; any residual difference, if positive, is recorded, if the conditions exist, in the asset item "Goodwill"; if negative, it is posted in the income statement.
   The higher/lower price paid compared to the corresponding amount of net equity, due to the acquisition of additional subsidiary shares, reduces/increases Group "net equity". The acquisitions of majority interests within the same Group (i.e. "business combinations under common control") are accounted for in continuity of values.
2. Elimination of receivables and payables between companies in the consolidation, as well as revenues and charges concerning operations between the same. Profits and losses consequent to operations between these companies and the relevant values in the Balance Sheet and Income Statement were also eliminated. Any infra-group losses are not eliminated should they represent an indicator of value loss of the underlying business.
3. Dividends collected from consolidated companies are reversed.

Measurement of shareholdings using the "net equity method"
Shareholdings are initially posted at cost and the book value is increased or decreased to calculate the share, pertinent to the shareholder,

of the subsidiary's profits and losses after the purchase date. Any goodwill included in the share value are subject to "impairment test". The cost of acquisition is allocated to the pro-quota of the fair value of the identifiable assets and liabilities of the associated companies or joint ventures, and for difference, to goodwill. The portion of the investee company's financial year results is recognised in the income statement of the investor except for the effects of changes in the investee's comprehensive income statement, other than transactions with shareholders, which are reflected directly in the Group's comprehensive income statement. In the event of any losses exceeding the book value of the investments, the excess is recognised in a specific provision in the liabilities to the extent that the investor is committed to fulfilling legal or implicit obligations towards the investee or in any case to cover its losses. Dividends received from a subsidiary reduce the book value of the shareholding.

Joint control agreements
Companies or enterprises in which the company exercises joint control based on the shareholding or specific contractual provisions, based on the definition of IFRS 11, are consolidated line by line based on the share of ownership, if they are Joint Operations, otherwise with the equity method if they are *Joint Ventures.*

Business combinations

Business combinations are accounted for using the acquisition method provided for by IFRS 3. According to this method, the consideration transferred to a business combination is measured at fair value, determined as the sum of the fair values of the assets transferred and of the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the acquired entity. The transaction costs are recognised in the income statement when they are incurred. Considerations subject to conditions, considered part of the transfer price, are measured at fair value on the acquisition date. Any subsequent changes in fair value are recognised in the income statement. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at fair value. Goodwill is determined as the surplus between the sum of the amounts transferred to the business combination, the value of the shareholders' equity pertaining to minority interests and the fair value of any equity investment previously held in the acquired company with respect to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the amounts transferred, of the value of the shareholders' equity pertaining to minority shareholders and of the fair value of any shareholding previously held in the acquired company, this surplus is immediately recognised in the income statement as income deriving from the transaction concluded.
The shareholders' equity of minority interests, at the acquisition date, may be measured at fair value or in proportion to the minority investment in the identifiable assets of the acquired entity. The choice of the measurement method is made transaction by transaction.

Accounting policies

The accounting policies applied in preparing the consolidated financial statements at 31 December 2018 are similar to those used for the preparation of the financial statements at 31 December 2017, with the exception of the application from 1 January 2018 of the following two new international accounting standards:

- **IFRS 15 "Revenues from contracts with customers"** which replaces the principles governing the recognition of revenues, that is, IAS 18 - Revenues, IAS 11 - Contract work in progress and related interpretations. The new standard introduces an overall reference framework for the recognition and measurement of revenues aimed at faithfully representing the process of transferring goods and services to customers for an amount that reflects the consideration that is expected to be obtained

in exchange for goods and services provided. In particular, while IAS 18 provided for separate criteria for the recognition of revenues for goods and services, this distinction was removed from IFRS 15. The new principle focuses instead on the identification of the so-called "Obligation to do" to which the related revenue recognition criterion is combined and provides for an accounting model based on five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations therein; (iii) determination of the transaction price; (iv) allocation of the price to the various contractual performance obligations and (v) recognition of the revenue when the relative performance obligation is satisfied. In parallel with the development of the five-phase model, IFRS 15 deals with some topics, such as contractual costs and contractual changes. The Group has applied the provisions of IFRS 15, described below, to measure and recognise revenues. In order to record revenues, IFRS 15 requires the identification of the contract with the customer and of the performance obligations set out in the contract. In the case of Group companies, the contract with the customer is identified and assessed on the basis of IFRS 15 following the binding signature of the contract that determines the rise of reciprocal obligations between Group companies and the customer, while the performance obligation is generally represented by the work as a whole. In fact, in some contracts, despite the fact that the individual performance obligations envisaged may be distinct by nature, in the context of the contract they are characterised by strong interdependence and integration aimed at transferring the infrastructure as a whole to the customer. Revenues are recognised when (or as) the performance obligation is fulfilled by transferring the promised good or service to the customer. The asset is transferred when the customer acquires control. Typically subscribed contracts with customers, relating to the realisation of long-term jobs, provide for obligations fulfilled over time based on the gradual progress of the activities and the temporal transfer of control of the work to the customer. IFRS 15 provides for two alternative methods of recording revenues overtime, the output-based method and the input-based method. With the first method, revenues are recognised on the basis of direct assessment of the value of the goods or services transferred up to the considered date (for example physical progress, contractual milestones, number of units delivered, etc.). With the input-based method, on the other hand, revenues are recognised on the basis of the resources used by the company to fulfil the contractual performance obligation (for example, the resources consumed, the dedicated hours of work, the costs incurred, the time elapsed or the machine hours used) compared to the total of the estimated inputs. In conjunction with the application of the new accounting standard IFRS 15, the parent company considered that for its sector, consistent with the method commonly followed internationally in the construction sector and considering the internationalisation process in progress in the context of the Group, the "input" method (so-called "cost to cost") is better representative of measuring the progress of a performance obligation over time towards the customer than the "output" method (also called "SAL"). Therefore, the Company has made a modification of the accounting criterion (assessment according to the percentage completion method of the orders) applicable to both infra-annual and multi-year contracts, passing from an evaluation according to the "output" method (SAL) to an evaluation according to the "input" method ("cost to cost"). The application of this method led to an effect on shareholders' equity at 1 January 2018, net of the tax effect, of € -9.8 million.

Given the engineering and operational complexity, the size and multi-year duration of construction of the works, the contractual fees, in addition to the basic fee established in the contract, include additional fees that cover elements that must be taken into account. In particular, the fees deriving from reserves represent additional fees required for higher charges incurred (and/or to be incurred)

due to causes or events that cannot be foreseen and attributable to the customer, to addition work performed (and/or to be performed) or to work variations not formalised in additional deeds. The Company adjusts the transaction price due to the additional fees deriving from reserves to the customer if it is "highly probable" that the related revenues will not be written off in the future.

IFRS 15 does not explicitly regulate the accounting recognition of loss-bearing contracts, but refers to the accounting criteria defined by IAS 37, which governs the measurement and classification methodology (previously laid down by IAS 11) of onerous contracts. A contract is onerous when non-discretionary costs exceed the expected economic benefits. In such circumstances, any expected loss is allocated to a specific fund when this loss is probable based on the latest estimates made.

With regard to contractual costs, IFRS 15 distinguishes "incremental costs for obtaining the contract" and "costs for the fulfilment of the contract". The incremental costs to obtain a contract are those costs that a company sustains to obtain a contract with a customer. The Group recognises the incremental costs arising from obtaining a contract as an asset if it expects to recover these costs through the future economic benefits of the contract. The costs for obtaining a contract that would have been incurred regardless of whether the contract was obtained are recognised as a cost when incurred (costs not explicitly attributable to the customer). The costs for the fulfilment of the contract in the sector where the Group operates are represented by preoperational costs, which in some contractual cases are explicitly recognised by the customer through specific items in the contract, while in other cases they do not find explicit recognition and are remunerated through the overall contract margin.

In addition to what is specified above, the new provisions introduced by IFRS 15 define all those costs which, due to their nature, cannot contribute to contractual progress since, although they are specifically referable to the contract and are considered recoverable, do not contribute to generating or improve the resources that will be used to satisfy the contractual performance obligation, nor contribute to the transfer of control of the goods and/or services to the customer; in this context, providing for the new, more stringent accounting criteria, the Company has identified that for some pre-operational costs, previously recognised as under the previous standard under construction contracts in progress, the capitalisation requirements required by the new standard no longer existed and, therefore, during the transition to the new standard, they were reversed with effects on the Shareholders' Equity at 1 January 2018 for an amount equal to Euro - 0.9 million net of the tax effect.

The following is a summary of the main impacts of the application of the new principle.

	31/12/2017	IFRS 15 impacts	01/01/2018 Restated
Intangible assets	76.322	(11.808)	64.514
Tangible assets	42.063		42.063
Non-current financial assets	117.897		117.897
Deferred tax assets	9.522	4.056	13.578
Current assets	421.480	(4.229)	417.251
Discontinued operations/Non-current assets held for sale	10.931		10.931
Total assets	**678.215**	**(11.981)**	**666.234**
Shareholders' equity	239.941	(10.740)	229.201
Contingency and severance reserves	10.768	(1.241)	9.527
Total non-current liabilities	68.510		68.510
Total current liabilities	358.996		358.996
Total liabilities and net equity	**678.215**	**(11.981)**	**666.234**

- **IFRS 9 "Financial instruments"** which replaced IAS 39, with effect from the financial years beginning January 1, 2018, introducing significant changes with regard to the classification and measurement of financial instruments, to the acquisition and accounting of hedging transactions. .

Classification and measurement
Financial assets

In summary, IFRS 9 identifies the following three categories of financial assets: 1) financial assets measured at amortised cost ("AC"); 2) financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement ("FVOCI"); 3) financial assets measured at fair value with changes in fair value recognised in the income statement ("FVPL"). Their classification is the result of an evaluation that depends on both of the following aspects: a) from the business model adopted in the management of financial assets (hold to collect, hold to collect and sell), and b) from the characteristics of the contractual cash flows from these generated, consisting of capital (Principal) and interest (Interest).

In summary, IFRS 9 leads to the following categories of financial assets:

- Financial assets valued at amortised cost (AC): these assets are part of a hold to collect business model and generate contractual cash flows that have Principal and Interest nature. - Financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement (FVOCI): these assets fall within a hold to collect and sell business model and generate contractual cash flows that have Principal and Interest nature.
- Financial assets measured at fair value with changes in fair value recognised in the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value recognised in the comprehensive income statement.
- Minority interests: IFRS 9 provides for the possibility, at the time of initial recognition, to make an irrevocable choice to present FVOCI with subsequent changes in the fair value of an investment in an equity instrument that is not held for trading and is not a contingent consideration arising in the context of a business combination. In the context of this option, contrary to what generally happens in the

FVOCI category: 1) the profits and losses recorded in the comprehensive income statement are not subsequently transferred to the income statement (case in point sometimes referred to as "recycling"), although the accumulated profit or loss can be transferred within shareholders' equity; 2) equity instruments categorised as FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost. The cost assessment of a minority share is allowed in limited cases where the cost represents a reasonable estimate of fair value.

The Group, in accordance with the new provisions of IFRS 9, has defined its business models for financial assets (other than trade receivables from customers) based on the logic of the use of liquidity and financial instrument management techniques. On the financial assets side, the main impacts deriving from the application of IFRS 9 are described below:

- The minority shareholdings, previously categorised as "assets available for sale" pursuant to IAS 39 (as such assessed as FVOCI with recycling), have been designated, under the irrevocable option set out in IFRS 9, as financial assets to be assessed as FVOCI without recycling. This option did not have an impact on the 2018 financial year.

The Group, considering the insignificance of the impacts deriving from the application of the new standard, opted for the simplified retrospective approach envisaged by IFRS 9, which does not involve the recalculation of the comparative balances.

Classification and measurement
Financial liabilities

PWith regard to the classification and measurement of financial liabilities, IFRS 9 reiterates the accounting recognition required by IAS 39, making limited changes, so most of them are still assessed at amortised cost. In more detail, IFRS 9 classifies financial liabilities in two categories: 1) financial liabilities measured at amortised cost using the effective interest rate method ("AC"); 2) financial liabilities measured at fair value with changes in fair value recognised in the income statement ("FVPL"), in turn classified in the two sub-categories Held for Trading and FVPL at inception. IFRS 9 prohibits the reclassification within financial liabilities.

The adoption of the new standard has not had any impact with respect to the classification and assessment of the Company's financial liabilities.

Impairment

The new requirements for impairment set forth in IFRS 9, applicable to all financial instruments except those of the FVPL type, are based on an expected loss model ("Expected Credit Loss", "ECL") and replace the loss incurred model pursuant to IAS 39 ("Incurred Credit Loss"), which led to the deferral of the recognition of losses on receivables at the time of evidence of the occurrence of a trigger event. In summary, the model envisaged by IFRS 9 provides for 1) the application of a single framework to all financial assets, 2) the recording of expected losses at any time and the update of the amount thereof at each accounting period, in order to reflect changes in the credit risk of the financial instrument, 3) the assessment of expected losses based on reasonable information, available without excessive costs, including historical, current and forecast information. It should be noted that the introduction of the new methodologies for estimating losses due to the reduction in the value of financial assets did not have a significant impact on the current assessment processes. This conclusion derives from the fact that the factors useful for the classification of the credit risk used with IAS 39, such as customer risk, country risk and the assessments of the relevant macroeconomic information, are already considered representative of an assessment method based on the expected risk.

Hedge Accounting

With regard to hedge accounting, it should be noted that the new rules introduced by IFRS 9

for the accounting recognition of hedging assets did not introduce significant substantial elements but provided for a greater connection between the substance of the risk management operations and their accounting. The new model has made the application of hedge accounting easier, allowing companies to apply hedging operations on a larger scale. The ASTM Group, of which the Itinera Group is a member, established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9. Given that IFRS 9 does not change the general principle on the basis of which a company accounts for effective hedging relationships, the application of the requirements set forth by IFRS 9 for the purpose of defining hedges did not have an impact on the financial statements.

Intangible assets

Goodwill
This intangible asset is not depreciated; the recoverability of the book value ("impairment test") is verified at least annually and in any case when events occur that lead to the presumption of a reduction in value. This verification is carried out at the level of the individual "cash generating unit" on which the goodwill has been allocated and on which the company management assesses the profitability of the investment. The write-downs are not subject to reversal of value.

Concessions – premise
Based on contract agreements (Concessions) under the application of IFRIC 12, the concession holder operates as service provider for (i) the construction and/or improvement of the infrastructure used to provide the public service and (ii) its management and maintenance, for a certain period of time. Consequently, the construction and improvement of the infrastructure is similar to that of a construction company; therefore, during the period in which these services are rendered, the construction revenues and costs are posted in the Income Statement as per IFRS 15.

As set forth by IFRIC 12, for construction and/or improvement services rendered by the concession holder, the assignor will recognise a fee for the concession holder, to be posted at its fair value, that can consist in rights on:
a) a **financial asset** (so-called financial asset model); or
b) an **intangible asset** (so-called intangible asset model); or

The financial asset model is applied when the concession holder has an unconditional right to receive cash flows guaranteed by contract for construction services, regardless of actual infrastructure use.
In the intangible asset model, on the other hand, the concession holder, against rendered infrastructure construction and improvement services, acquires the right to charge users for the use of the infrastructure. Therefore, the concession holder's cash flows are not guaranteed by the assignor, but are associated with actual infrastructure use by users, thus leading to a demand risk borne by the concession holder. The latter is the risk that revenues due to the use of the right to charge user for infrastructure use are not sufficient to guarantee consistent profit margins for the investments made.
If the concession holder is partially paid for the infrastructure construction and improvement services with a financial asset and partially by an intangible asset, this is called the mixed accounting model.
In these circumstances, the agreement components must separate the financial asset components from the intangible asset components. In this case, IFRIC 12 requires the concession holder first to calculate the part referred to the financial asset and, residually (compared to the rendered construction and/or improvement service value) the amount of the intangible asset.
The intangible asset model is applicable to concession contract in the name of Itinera Group company Taranto Logistica S.p.A.

Concessions – non-compensated revertible assets
"Non-compensated Revertible assets" represent

the right of the Concession holder to use the asset in concession in consideration of the costs incurred to design and construct the asset. The book value corresponds to the "fair value" of the design and construction plus capitalised financial charges - in accordance with the requirements set by IAS 23 - during the construction phase; this value is posted net of "capital contributions". These assets are depreciated each year based on the residual possibility of use in consideration of the single concession duration, method that reflects the means with which it is assumed the asset's future economic benefits will be used by the Concession holder. As for reversible assets, accumulated depreciation and the recovery or replacement expense reserves, considered together, ensure the adequate coverage of the following expenses:

- free donation to the Assignors of the reversible assets with working life longer than concession duration at the end of the concession; • r e - covery and replacement of reversible assets components subject to wear;
- investment recovery even regarding new works set in financial plans. If events occur that lead to the presumption of a loss in tangible asset value, the difference between the book value and relevant "recovery value" is posted in the Income statement.

Intangible assets

"Other intangible assets", posted at cost, are systematically depreciated based on a period in which it is assumed the assets will be used by the company.

They are posted at purchase or production cost including accessory costs and are systematically depreciated for the period of their foreseen future working life. In particular, software costs (posted under Balance Sheet asset item "Industrial patents and intellectual property rights") refer to costs for the purchase of basic software and licenses and are directly depreciated with an annual rate of 33.33% and 20%. This depreciation is deemed consistent with the intensity of use and program working life.

If events occur that lead to the presumption of a loss in intangible asset value, the difference between the book value and relevant "recovery value" is posted in the Income statement.

Tangible assets

Assets are posted at purchase or production cost (including directly attributable accessory costs) and include the relevant directly attributable financial charges necessary to make the assets available for use.

Depreciation rates used to systematically divide the depreciable value of tangible assets based on the working lives are the following:

CATEGORY	RATE
Land	not depreciated
Civil and industrial buildings	3%
General plants	10%
Specific plants	15%
Temporary construction	12.5%
Various equipment	40%
Metallic formworks	25%
Mechanical excavators and shovels	20%
Transport vehicles	20%
Office furniture and machines	12%
Electric/electronic office machines	20%
Cars, vehicles, etc.	25%

Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Real estate property investments

The real estate investment is a property (land or building - or part of a building - or both) owned (by the owner or renter through a financial lease contract) in order to attain rental fees or to appreciate the invested capital or for both reasons, or even for: (a) use in the production or supply of goods or services or in company administration; or (b) sale, in normal business activities.

Leased assets – Financial leasing contracts

IAssets purchased with a financial lease operation are posted in the Balance Sheet under assets at


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their "fair value" or, if inferior, at the current value of the fees due for their purchase, determined using the implicit leasing interest rate, offset, under liabilities, by a financial payable to the lessee. Any direct costs sustained to define the lease contract (i.e.: negotiation costs and financial lease operation costs) are posted to increase the value of the asset. Leased assets are systematically depreciated using the depreciation criteria used for owned assets of the same type. Should there not be reasonable certainty that the asset will be purchased at the end of the lease, it is fully depreciated in the lease contract duration or its working life, whichever is shorter. Leasing instalments are divided between reimbursed capital and financial charges posted by accrual in the Income statement.
Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Leased assets – Operating lease contracts
Operating lease payments are recognised in the income statement on a straight-line basis over the duration of the underlying contract.

Financial assets
Consistent with the provisions of IFRS 9, financial assets are classified in the following three categories:

- Financial assets valued at amortised cost (AC) using the effective interest method: these assets are part of a hold to collect business model and generate contractual cash flows that have Principal and Interest nature. This category includes financial assets other than derivatives such as loans and receivables with fixed or determinable payments that are not listed on an active market. Discounting is omitted when the effect is irrelevant. This category includes cash and cash equivalents, loans and interest-bearing loans granted.
- Financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement (FVOCI): these assets fall within a hold to collect and sell business model and generate contractual cash flows that have Principal and Interest nature. This category also includes minority interests, as irrevocably designated pursuant to IFRS 9, other than equity instruments that are not held for trading and are not a contingent consideration arising in the context of a business combination. For the latter, contrary to what generally happens in the category of financial assets in FVOCI, the profits and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement, although the accumulated profit or loss can be transferred within shareholders' equity; furthermore, these minority interests are not subject to impairment accounting. Dividends from these are in any case recorded in the income statement, unless they clearly represent a recovery of part of the cost of the investment.
- Financial assets measured at fair value with changes in fair value recognised in the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value recognised in the comprehensive income statement. Financial assets without an interest component, including investments in investment funds, fall into this category.

Non-current assets held for sale/discontinued operations

"Non-current assets held for sale or disposal groups" the book value of which will be recovered mainly through sale rather than through their continuous use are classified as held for sale and are shown separately from other assets and liabilities in the consolidated balance sheet. The corresponding balance sheet values of the previous year are not reclassified in the consolidated balance sheet, but are indicated where they are significant in the comment on the individual items in the explanatory notes.
A "Discontinued Operation" represents a part of the entity that has been disposed of or classified as held for sale, and:

- represents an important business unit or geographical business area;

- is part of a coordinated plan for the disposal of an important business unit or geographical business area;
- is a subsidiary acquired exclusively for the purpose of being resold.

The results of discontinued operations – whether disposed of or classified as held for sale – are shown separately in the consolidated income statement, net of tax effects. The corresponding values for the previous year, if any, are reclassified and shown separately in the consolidated income statement, net of tax effects, for comparative purposes. Non-current assets held for sale or disposal groups classified as held for sale are first recognised in accordance with the specific reference IFRS applicable to each asset and liability and subsequently recognised at the lower of the book value and the related fair value, net of sales costs.
Any subsequent impairment losses are recognised directly as an adjustment to non-current assets or disposal groups classified as held for sale with a balancing entry in the consolidated income statement.
On the other hand, a reversal is recognised for each subsequent increase in the fair value of an asset net of sales costs, but only up to the amount of the impairment loss previously recognised.

Inventories and contractual assets

Raw, ancillary and consumable materials and semi-finished, finished products and goods
Inventories are measured at the lower of purchase or production cost, determined according to the method of the average weighted cost of the period, and the net realizable value.

Work in progress on order/Contractual assets
These are measured, based on agreed fees, according to construction progress at the date of reference of the accounting situation, according to the "percent completion" method. Advances paid by purchasers are detracted from the value of inventories within the limit of the fees accrued; the excess part is posted under liabilities. Any expected losses are posted in the Income statement. On 1 January 2018, following the entry into force of standard IFRS 15, for the purpose of calculating production data and in order to comply with the principle of satisfying the performance obligation with customers over time, the Group considered the most appropriate method for the measurement of progress on contracts to be the inputs method and in particular the so-called cost to cost method determined through the ratio between costs incurred and total costs. Aside from being guided by the adoption of the new standard, this choice was also prompted by the progressive amendment of the business of the Itinera Group and its resulting internationalisation. The application of the cost to cost method resulted in the recording of a negative impact in terms of works inventories as at 1 January 2018, the impact of which was charged to the shareholders' equity.
Requests for additional fees due to changes to contract work and other claims due, for example, for higher charges sustained for reasons attributable to the purchaser, are posted in the financial statements for the entire contract fee amount when and to the extent of high probability the counterparty accepts them.

Liquid funds and equivalents

Liquid funds include cash on hand, including cheques and bank deposits payable on sight. Equivalents are represented by financial investments maturing by or before a three-month period (from purchase date), readily convertible in liquid funds and with a negligible risk of change to their value. Cash and cash equivalents are recorded, according to their nature, at face value or the amortised cost.

Financial liabilities

The Group's financial liabilities include loans, bonds, trade payables, other payables and derivative financial instruments.

They are posted, when granted, at fair value net of any attributable costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method with the exception of derivative financial instruments (other than derivative financial instruments designated as effective hedging instruments) and financial liabilities designated to FVPL, which are accounted for at fair value with changes in fair value recognised in the income statement.

Provisions for risks and charges

Provisions for risks and charges concern costs and charges of a given type and of certain or probable existence, which on the closing date of the financial year, are undetermined in terms of amount or due date. Allocations are recognised when: (i) there is a current, legal or implicit obligation which originates from a past event; (ii) it is probable that fulfilment of the obligation will be onerous; (iii) the amount of the obligation can be estimated reliably.
Allocated provisions represent the best estimate of the amount necessary to meet the obligation or to transfer it to third parties on the closing date of the reference period. Should the financial effect be significant in time and the obligation payment dates be reliably estimated, provisions are actualised.
The Explanatory Notes also illustrate any potential liabilities represented by: (i) possible (but not probable) obligations, due to past events, the existence of which will only be confirmed if and when one or more uncertain future events are fully under the control of the Group companies; (ii) current obligations due to past events, the amounts of which cannot be reliably estimated or whose occurrence is probably not burdensome.

Employee benefits
(defined benefit and defined contribution plans)
The Group has pension plans with employees that, according to their characteristics, are divided into defined benefit plans and defined contribution plans.
For defined contribution plans, the Group pays contributions to public and private pension funds on a mandatory, contractual or voluntary basis. Contributions are recognised as labour costs.
Some of the Group's US subsidiaries have so-called "Multi Employer Pension Plans" in place which are characterised as being established and populated by a multiplicity of participating companies.
Each participating company makes contributions based on certain parameters and these contributions are used to generate the employee benefits. If a participating company decides to abandon the plan, it is still obliged to contribute in relation to the benefits already accrued. Therefore, if it is probable that the plan will be abandoned, it may be necessary to recognise a liability for the contributions to be paid in relation to the benefits already accrued.
The Group classifies its pension plans relating to more than one employer as defined benefit plans.
Since there is not enough information available to adopt the accounting methods for defined benefit plans, the Group accounts these plans as if they were defined contribution plans and does not recognise the potential liability related to the immediate abandonment of the pension plans, considering this event remote at the reporting date.

Employee benefits (Severance)
Employee Severance Indemnity ("TFR") is defined as a defined benefit plan, valued using actuarial techniques using the "projected unit credit method". It should be noted that from 1 January 2007 this liability refers exclusively to the portion of TFR, accrued up to 31 December 2006, which following the supplementary pension reform (Legislative Decree 5 December 2005, no. 252) continues to constitute an obligation of the company. Following the entry into force of the aforementioned reform by Law of 27 December 2006, no. 296 (2007 Budget Law), the liability, since it refers to a service that has now fully matured, was recalculated without applying the pro-rata of the service provided and without considering, in the actuarial statement, the com-

ponent relating to future salary increases. The recognition of changes in actuarial gains/losses is recognised among the other components of the Comprehensive Income Statement. The cost of labour for Group companies with less than 50 employees, as well as interest expenses relating to the "time value" component in the actuarial calculations remain recorded in the income statement. The portion of severance indemnity paid to supplementary pension funds and to the INPS Treasury fund is considered a defined contribution fund since the company's obligation to the employee ceases with the payment of the maturing amounts to the pension funds. In the presence of pension plans relating to several employers, the Group records them as defined benefit plans or defined contribution plans, based on the conditions of the plan. In this context, when with regard to a defined benefit plan relating to several employers, sufficient information is not available to adopt the methods of accounting for defined benefit plans, these plans are accounted for as defined contribution plans.

Revenues

Revenues represent the gross flows of economic benefits for the year deriving from the performance of ordinary activities. Revenues are recognised at a given time (point in time) or over time (over time), when the Group meets the performance obligations by transferring the goods and services to its customers; the process underlying the recognition of revenues follows the five phases required by IFRS 15: (i) identification of the contract with the customer; (ii) identification of the performance obligations therein; (iii) determination of the transaction price; (iv) allocation of the price to the various contractual performance obligations and (v) recognition of the revenue when the relative performance obligation is satisfied. In particular:

Sales revenue
With reference to the sale of assets, the Group records the revenue when it transfers control of

the asset to its customer; this moment generally coincides with the obtaining of the right to payment by the Group and with the transfer of the material possession of the property, which incorporates the transfer of the risks and significant benefits of the property.

Service revenue
Service revenue is posted based on the accrued fee.

Contract revenue
The recognition of revenues related to contract work in progress is carried out using the percentage of completion criteria. The percentage of completion is determined using the cost-to-cost method, calculated by applying to the total revenue expected to the percentage of progress, which is taken as a ratio between costs incurred and total estimated costs.

Financial income

Interest income is calculated on the value of the related financial assets using the effective interest rate.

Dividends

Dividends paid by non consolidated companies are posted when the right to receive payment is set, corresponding to the distribution resolution by the subsidiary's Shareholders' Assembly.
Any dividend advances are posted when distribution is resolved by the subsidiary's Board of Directors.

Grants

Grants are posted when reasonable certainty exists that they will be received and all the related distribution conditions are satisfied. Capital grants are posted in the Balance Sheet as an offset to the asset posting to which they refer. Working grants are posted as income and systematically divided over the various years to compensate associated costs.

Financial expenses

Financial expenses are posted as costs in the year in which they are sustained except for those that are directly attributable to the construction of reversible assets and other assets that are, therefore, capitalised as an integral part of production cost. Financial charge capitalisation begins when work is in progress to prepare the asset for its use and is interrupted when these assets are substantially completed.

Income taxes

Current and deferred taxes are posted in the Income statement if not associated with operations directly posted in net equity. Income taxes are posted based on an estimate of taxable income and in compliance with the provisions of tax laws.
"Deferred tax liabilities" and "Deferred tax assets" are calculated – according to IAS 12 – on the time differences between the value recognised for tax purposes on an asset or liability and its book value in the Balance Sheet, should it be probable – in the foreseeable future – that these differences cease to exist.
The amount of "deferred tax liabilities" or "deferred tax assets" is determined based on tax rates – set by current tax laws at the date of reference of the single account postings – expected to be applied in the period in which the tax asset is realised or the tax liability extinguished.
Deferred tax assets are posted when their recovery is probable. Deferred tax assets and deferred tax liabilities are compensated in the balance sheet if legally admissible. Furthermore, the tax effects due to adjustments to the consolidated companies' financial statements in application of homogeneous group accounting policies were also considered.

Derivative financial instruments

Derivative financial instruments are assets and liabilities posted at "fair value". The fair value of derivative financial instruments is determined by discounting expected cash flows, using the market interest rate curve at the reporting date and the curve of the listed credit default swaps of the counterparty and of group companies, to include the risk of non-performance explicitly envisaged by IFRS 13.
Derivatives are classified as hedge instruments when the relationship between the derivative and the subject being hedged is formally documented and the effectiveness of the hedge, which is periodically verified, is high. When the hedge covers the hedge fair value variation risk (fair value hedge; i.e.: hedge on fixed rate asset/liability fair value variability), hedges are posted at fair value with the effects posted in the Income statement; consistently, hedges are adjusted to reflect the fair value variations associated with the covered risk. When hedges cover cash flow variation risks (cash flow hedge; i.e.: hedge on fixed rate asset/liability cash flow variability), hedge fair value variations are initially posted under net equity and later in the income statement consistent with the economic effects produced by the covered operation. Hedge fair value variations that do not meet the condition to be qualified as hedges are posted in the income statement.

Asset value losses *(impairment test)*

Group asset book values are measured at each year end to determine whether there are indications of value loss, in which case the recoverable value of the asset is estimated. Impairment is posted in the Income statement when the book value of an asset or generating unit of cash flows exceeds the recoverable value.
Intangible assets with an indefinite useful life (goodwill) are tested annually and whenever there is an indication of a possible impairment in value in order to determine whether such impairment exists.
The recoverable value of non financial assets is recorded at the greater of its fair value, net of sales costs, and its use value. For the determination of use value, estimated future cash flows are actualised using a discount rate that reflects the

current market value of money and risks associated with the type of asset. For assets that do not generate incoming cash flows that are widely independent, the recoverable value of the cash flow generating unit the asset belongs to is calculated.
When, subsequently, an impairment on an asset other than goodwill and other assets with indefinite working life, no longer exists or decreases, the asset accounting value or cash-generating unit is increased to the revised estimate of the recoverable value and can not exceed the amount that any impairment would have had if it had not been detected. The reversal is recognised immediately in the income statement.

Conversion of currency items

The economic and financial situations of each consolidated company are drawn up using the functional currency relating to the economic context in which each company operates. Transactions in currencies other than the functional currency are posted at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted to the exchange rate prevailing at the end of the reporting period and any emerging exchange differences are reflected in the income statement. Non-monetary assets and liabilities denominated in foreign currency and posted at historical cost are converted using the exchange rate in force on the date of initial recognition of the transaction. For the purposes of consolidation in the Group's accounts, the conversion of the economic and financial situations of consolidated companies with functional currencies other than the euro takes place by applying to assets and liabilities, including goodwill and adjustments made during consolidation, the exchange rate in effect at the year-end and to income statement items the average exchange rates for the year or the consolidation period, if lower. The related exchange differences are posted directly in the statement of comprehensive income and reclassified in the income statement at the time of loss of control of the investment and, therefore, of the related deconsolidation.

Branch conversion in financial statement currency

The branch' account balances expressed in the local currency were converted into Euro at the exchange rate at the end of the year or at the average exchange rate for the period for income statement items as per IAS 21 principle. The positive and negative differences due to the conversion in Euro at the end of the year must be posted to a net equity reserve named "Exchange gains reserve". The main exchange rates applied during the period for the conversion of economic/financial situations with functional currencies other than the euro are those published by the Bank of Italy and indicated in the following table:

Currencies	Spot exchange rate as at 31 December 2018	Average annual exchange rate
Euro/Reais	4,444	4,3085
Euro/Dollaro	1,145	1,181
Euro/Dinaro Kuwaitiano	0,3476	0,3567
Euro/Rial Oman	0,4403	0,4541
Euro/Angola - Readjustado Kwanza	353,021	297,38
Euro/Botswana - Pula	12,2591	12,0301
Euro/Sud Africa - Rand	16,4594	15,6186
Euro/Romania - Ron	4,6635	4,654
Euro/Arabia Saudita - Ryal Saudita	4,2938	4,4286
Euro/Emirati Arabi - Dirham Emirati Arabi	4,205	4,3371
Euro/Algeria - Dinaro Algerino	135,4881	137,6525
Euro/Danimarca - Corona Danese	7,4673	7,4532
Euro/Svizzera - Franco Svizzero	1,1269	1,155
Euro/Svezia - Corona Svedese	10,2548	10,2583
Euro/Kenia - Scellino Kenyota	116,6284	119,638
Euro/Zambia - Kwacha Zambia	13,6313	12,3378

Earnings per share

Basic earnings per share are calculated by dividing the group's share of profit or loss by the weighted average of the Parent Company's shares outstanding during the year.

Estimates and measurements

Estimates and assumptions were made which influence the values of the assets and liabilities of the financial statements and the information regarding potential assets and liabilities at the date of the financial statements to draft these consolidated financial statements and the relevant notes. Final results may differ from such estimates. The estimates are used, moreover, for the "fair value" measurement of financial assets and liabilities, for impairment tests, for actuarial calculations as well as to post depreciation, asset write-downs, deferred taxes and provisions for risks. The estimates and assumptions are reviewed periodically, and the variations are immediately reflected in the income statement.

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These accounting policies were homogeneously applied and consistent with the preparation of these consolidated financial statements.
As per art. 5, paragraph 2 of Legislative Decree no. 38 dated 28 February 2005 and according to paragraph 46 of IAS 1, please note that these consolidated financial statements are expressed in thousands of Euro. For the Itinera Group, the Euro represents the "functional currency" and coincides with the "presentation currency".

New accounting standards and interpretations implemented by the EU and in force from 1 January 2018

In addition to the above, with reference to IFRS 15 and IFRS 9, we report that:

- **Amendment to IFRS 2 "Share-based payments"** by issuing EU Regulation no. 289/2018. The changes, which had no impact on the Group, concern: 1) the methods for calculating the fair value of transactions with payment based on cash-settled shares on the valuation date, to be carried out taking into account market conditions and conditions other than those of maturity; 2) the accounting recognition of share-based payment transactions settled with equity-settled instruments in which the entity acts as a withholding agent with reference to the employee's tax liabilities; 3) the accounting of the changes that involve the change of classification of payments based on cash-settled or equity-settled shares.
- **Improvements to IFRS (2014-2016 cycle).** On 7 February 2018 the EU Regulation no. 182/2018 was issued which incorporated some amendments to IAS 28 - Investments in associates and joint ventures. In particular, the amendments clarify that the option for an investment entity to value its investments in associates and joint ventures at fair value with

changes in fair value recognised in the income statement (rather than using the equity method), must be carried out for each individual investment and at the time of its initial recognition. A similar specification is also provided for an entity that is not an investment entity but is the holder of investments in associates/joint ventures that are investment entities. In this case, for the purpose of applying the equity method, the entity can keep the fair value accounting with changes in fair value recorded in the income statement made by its investments in associates/joint ventures. The adoption of these improvements did not have any effect on the consolidated financial statements as at 31 December 2018.

- **IFRIC 22 - Foreign currency transactions and advances. EU Regulation no. 519/2018.** which incorporated the interpretation in question, clarifying which exchange rate to use in transactions and in the advances paid/received in foreign currency, was issued on 3 April 2018. The adoption of this interpretation has not had any impact for the Group.
- **Amendments to IAS 40 - Property Investments.** EU Regulation no. 400/2018 which introduced some changes to IAS 40 by providing clarifications on the changes in destination that lead to qualifying an asset that is not an investment property as such, or vice versa, was issued on 15 March 2018. The adoption of this amendment has not had any impact for the Group.

New accounting standards and interpretations issued by the IASB and implemented by the EU

On 13 January 2016, the IASB published criteria IFRS 16 – Leases, incorporated with EU Regulation no. 1986/2017, which replaced IAS 17 - Leasing, as well as IFRIC 4 interpretations - Determining whether a contract contains a lease, SIC-15 – Operating leases – Incentives and SIC-27 - Assessing the substance of transactions in legal form of the lease. The new standard provides a new definition of lease and it introduces a criterion based on control (rights of use) of an asset for distinguishing lease contracts from contracts for services, highlighting as discriminatory: the identification of the asset, the right to replace it, the right to obtain, substantially, all of the financial benefits arising from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the recognition and evaluation of lease contracts for the lessee which provides for the registration of the asset subject to lease, even if operating, in the assets, with a financial debt counterpart. By contrast, the Standard does not imply significant changes for the lessees.
The principle will be adopted by the Group starting from 1 January 2019.
The Group has completed the preliminary assessment project of the potential impacts arising from the application of the new standard on the transition date (1 January 2019). This process is expressed in several stages, including the complete mapping of the contracts potentially suitable to contain a lease and the analysis thereof in order to understand the main clauses relevant for the purposes of IFRS 16.
The process of implementation of the principle which envisages the setting of the IT infrastructure aimed at the accounting management of the principle and the alignment of the administrative processes and the controls overseeing the critical areas on which the principle stands is in the completion phase. This process is expected to be completed in 2019.

Transition with modified retrospective method

The Group has chosen to apply the standard retrospectively, however, recording the cumulative effect deriving from the application of the principle in net equity at 1 January 2019, in accordance with the provisions of paragraphs IFRS 16: C7-C13. In particular, the Group will account for lease contracts previously classified as operating:

a) a financial liability, equal to the current value of future payments remaining on the transition

date, discounted using, for each contract, the incremental borrowing rate applicable at the transition date;

b) a user fee equal to the value of the financial liability at the transition date, net of any accruals and deferred income/liabilities related to the lease and recognised in the balance sheet at the closing date of these Financial Statements.

The value of non-current assets relating to operating lease contracts was increased by any balances of accrued income/prepayments recorded at 31 December 2018 and decreased by the balance of accrued liabilities/deferred income recorded at 31 December 2018.

In adopting IFRS 16, the Group intends to avail itself of the exemption granted by IFRS paragraph 16: 5 (a) in relation to short-term leases for all classes of assets.

Likewise, the Group intends to avail itself of the exemption granted by IFRS 16: 5 (b) with regard to lease contracts for which the underlying asset is configured as a low-value asset (meaning the assets underlying the lease contract do not exceed Euro 5 thousand when new). The contracts for which the exemption has been applied fall mainly within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 will not result in the recognition of the financial liability of the lease and the relative user fee, but the lease payments shall be recorded in the income statement on a linear basis for the duration of the respective contracts.

Furthermore, with reference to the transition rules, the Group intends to make use of the following practical expedients available in the event of the choice of the modified retrospective transition method:

- Classification of contracts that expire within 12 months of the transition date as a short term lease. For these contracts the lease instalments will be recorded in the income statement on a linear basis;
- Exclusion of initial direct costs from the measurement of the user fee as of 1 January 2019;
- Use of the information present at the transition date for the determination of the lease term, with particular reference to the exercise of extension options and early closure.

The transition to IFRS 16 introduces some elements of professional judgement that involve the definition of some accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Group has decided not to apply IFRS 16 for contracts containing a lease whose underlying asset is an intangible asset;
- The Group analysed the totality of the lease contracts, defining for each of them the lease term, given by the "non-effaceable" period together with the effects of any early extension or termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings this evaluation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company cars, the Group has generally deemed it unlikely that any extension or termination clauses will be exercised in consideration of the practice usually followed by the Group.
- Since in most of the contracts stipulated by the Group, there is no implicit interest rate, the discount rate to be applied to future payments of rents was determined as the risk-free rate, with maturities commensurate with the duration of the specific rental contract, increased by the Group's credit spread.

The effects of the first application of IFRS 16, also taking into account the practical expedients listed above, will lead to an increase in Financial Liabilities of approximately 6.3 million Euro and the registration of a User fee of approximately 6.3 million Euro. The impact on the Group's shareholders' equity, net of the related tax effect, is therefore void.

- **IFRIC 23 – Uncertainty regarding accounting standards for income tax purposes.** The document deals with the issue of uncertainties regarding the tax criteria to be applied to income taxes. The interpretation provides that

the uncertainties in the determination of tax liabilities or assets are only reflected in the financial statements when it is probable that the entity will pay or recover the amount in question. Furthermore, the document does not contain any new disclosure obligation, but underlines that the entity will have to establish whether it will be necessary to provide information on the considerations made by the management and relating to the uncertainty inherent in accounting for taxes, in accordance with the provisions of IAS 1. The new interpretation will be applied as of 1 January 2019 but early application is allowed.

- **IFRS 9 amendments.** EU Regulation no. 498/2018, dedicated to the elements of advance payment with negative compensation, which provided clarifications regarding the treatment of the contractual clauses that could change the timing or the amount of the contractual financial flows (for example if the activity can be reimbursed before the expiry or its duration can be extended), was published on 26 March 2018.

New accounting standards and interpretations issued by the IASB and not yet endorsed by the EU

On the reporting date of these financial statements, the European Union had not yet completed the approval process necessary for the adoption of the amendments and the principles described below.

- **Amendments to IAS 28: long-term interests in investments in associates and joint ventures** (published on 12 October 2017). This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to other long-term interests in associates and joint ventures for which the equity method is not applied. The amendment will be applied as of 1 January 2019 but early application is allowed.
- **Improvements to IFRS (2015-2017 cycle),** published on 12 December 2017 (including IFRS 3 Business Combinations and IFRS 11

Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation) which incorporates the changes to some principles as part of their annual improvement process. The amendments will be applied as of 1 January 2019 but early application is allowed.

- **Amendments to IAS 19: modification, reduction or termination of a Plan** (published on 7 February 2018). The document clarifies how an entity must recognise a change (meaning a curtailment or a settlement) of a defined benefit plan. The amendments, applicable from 1 January 2019, require the entity to update its assumptions and remeasure the liability or net assets deriving from the plan. The amendments clarify that after this event occurs, an entity uses updated hypotheses to measure the current service cost and the interests for the rest of the reference period following the event.

- **Amendments to IFRS 10 and IAS 28: sale or transfer of an asset from an investor to its associate/joint venture** (published on 11 September 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to profit or loss valuation resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange for a share in the capital of the latter. At this time the IASB has suspended the application of this amendment.

- **Amendments to IAS 1 and IAS 8. Definition of materiality.** The document, published by the IASB on 1 October 2018, introduced a change in the definition of "significant" contained in IAS 1 and IAS 8. This amendment aims to make the definition of "significant" more specific and introduced the concept of "obscured information" alongside the concepts of omitted or incorrect information already

present in the two principles subject to modification. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce an effect similar to that which would have been produced if this information had been omitted or incorrect for the primary readers of a financial statement.

- **Amendments to IFRS 3** - Business combinations, with reference to the definition of the business, applicable from 1 January 2020.
- **IFRS 17** - Insurance contracts, applicable as of 1 January 2021.
- Amendments to the **"conceptual framework"** references in IFRS.

The Group is currently evaluating the possible effects deriving from the introduction of the aforementioned changes on its consolidated financial statements.

Scope of consolidation

The consolidated financial statements include, in addition to the Group leader's financial statements - Itinera SpA, financial statements data from companies over which it exercises control with effect from the date on which control commences until the date when such control ceases. Control exists when the Group leader has the power to direct the relevant activities of the company and is exposed to variability in results. Following is a list of subsidiaries included in the scope of consolidation.

Group leader company

Company name	Registered offices
ITINERA S.P.A.	Tortona-Via Balustra 15

Subsidiaries - Consolidated with an "integral method"

Subsidiaries	Registered offices	% Ownership	% Interest
A7 Barriere S.c. a r.l.	Tortona (AL) – St. Statale Alessandria 6/a	51,00%	51,00%
A.C.I. S.c.p.A. - Consorzio Stabile	Tortona (AL) – St. Statale Alessandria 6/a	98,15%	98,15%
Agognate S.c.a r.l. in liq.	Tortona (AL) - Strada Privata Ansaldi 8	96,90%	96,88%
Biandrate S.c.a r.l. in liq.	Tortona (AL) - Strada Privata Ansaldi 8	96,90%	96,88%
B. M. I.S.c.a.r.l.	Tortona (AL) – St. Statale Alessandria 6/a	60,00%	58,89%
Cervit S.c.a r.l.	Milano – Via Antonio Cechov,	50 51,00%	51,00%
Carisio S.c.a r.l.	Tortona (AL) – Via Balustra 15	96,00%	96,00%
Cornigliano 2009 S.ca. r.l.	Tortona (AL) – St.Statale Alessandria 6/a	77,90%	77,90%
Crispi S.c.a r.l. con socio unico in liq.	Tortona (AL) – St. Statale Alessandria 6/a	100,00%	100,00%
Crz01 S.ca. r.l.	Tortona (AL) – St. Statale Alessandria 6/a	50,75%	50,75%
Diga Alto Cedrino S.c. a r.l.	Tortona (AL) – Via Balustra 15	80,00%	80,00%
Impresa Costruzioni Milano Scarl in liquidazione - I.CO.M.	Tortona (AL) – St. Statale Alessandria 6/a	93,00%	93,00%
I/S Storstroem Bridge	4760 Vordingborg (Denmark) - Færgegaardsvej 15 L	99,98%	99,98%
Itinera Construcoes Ltda	Vila Nova Conceicao San Paolo (Brasile)	90,00%	90,00%
Lambro S.c.a r.l.	Tortona (AL) – St. Statale Alessandria 6/a	97,21%	97,21%
Malpensa 2011 Scarl	Tortona (AL) – St. Statale Alessandria 6/a	65,00%	65,00%
Marcallo S.c.a r.l.	Tortona (AL) – St. Statale Alessandria 6/a	100,00%	100,00%
Mazzè S.c.a r.l.	Tortona (AL) – St. Statale Alessandria 6/a	80,00%	80,00%
Mortara Scarl	Tortona (AL) – St. Statale Alessandria 6/a	70,00%	70,00%
Ponte Meier S.c.a.r.l.	Tortona (AL) – Località Passalacqua	51,00%	50,06%
Ramonti S.c.a r.l. in liq.	Tortona (AL) – St. Statale Alessandria 6/a	51,00%	51,00%
SAM Società Attività Marittime S.p.A.	Tortona (AL) – St. Statale Alessandria 6/a	100,00%	100,00%
SEA Segnaletica Stradale S.p.A.	Tortona (AL) – St. Statale Alessandria 6/a	100,00%	100,00%
S.G.C. S.c.a.r.l. in liq.	Tortona (AL) – Località Passalacqua	60,00%	58,89%
Sinergie S.c.a r.l. in liq.	Tortona (AL) – St. Statale Alessandria 6/a	100,00%	100,00%
Taranto Logistica S.p.A.	Tortona (AL) – St. Statale Alessandria 6/a	95,00%	95,00%
Torre di Isola S.c.a r.l.	Tortona (AL) – St. Statale Alessandria 6/a	99,90%	99,90%
Urbantech S.r.l.	Pontedera (PI) – Via Lombardia 34	100,00%	100,00%
Itinera USA CORP	2140 S Dupont Highway Street, Camden Delaware	100,00%	100,00%
Halmar International LLC	421 East Route 59 Nanuet, Ny 10954-2908	50,00%	50,00%
HIC Insurance Company Inc.	421 East Route 59 Nanuet, Ny 10954-2908	100,00%	50,00%
Halmar International Trucking Inc	421 East Route 59 Nanuet, Ny 10954-2908	100,00%	50,00%
Halmar Transportation System Llc	421 East Route 59 Nanuet, Ny 10954-2908	100,00%	50,00%
Adelaide Crystal Holdings Llc	421 East Route 59 Nanuet, Ny 10954-2908	100,00%	50,00%
Atlantic Coast Foundations Llc	421 East Route 59 Nanuet, Ny 10954-2908	70,00%	35,00%
Halmar International - LB Electric LLC	421 East Route 59 Nanuet, Ny 10954-2908	60,00%	30,00%
Bishop/Halmar JV	421 East Route 59 Nanuet, Ny 10954-2908	70,00%	35,00%
Halmar-A Servidone - B Anthony LLC	421 East Route 59 Nanuet, Ny 10954-2908	60,00%	30,00%
Potomac Yard Constructors JV	421 East Route 59 Nanuet, Ny 10954-2908	60,00%	30,00%

Joint Arrangements – Joint Operations

With reference to assessment of the existence of joint arrangements, the provisions of paragraphs 4 and 5 of IFRS 11 were followed. Joint arrangements were considered only where the majorities required in the resolutions of the governing bodies of the Group entities considered envisage unanimous or qualified majority voting that can only be achieved with the consent of a specific group of shareholders.
With reference to the type of joint arrangement, also in consideration of the fact that all the joint arrangements in which the Group participates are structured through separate vehicles, reference was made to paragraph B15 of IFRS 11, analysing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation as at 31 December 2018, only entities not incorporated in legal entities and structured in separate vehicles that guarantee transparency of rights and obligations with respect to the participants are qualified as joint operations.

Joint Operations	Registered offices	% Ownership	% Interest
3RD Track Constructors	810 Seventh Avenue 9th floor	23,00%	11,50%
Alcas da Ponte Consortium	Rua Carlos Seidl, número 576, Bairro Cajú,	50,00%	45,00%
Arge H 51	A110 Vienna, Absberggasse 47, Austria	44,99%	44,99%
Consortium Baixada Santista	San Paolo (BRASILE) - Vila Nova Conceicao	50,00%	45,00%
Cons. Binario Porto de Santos	Rodovia Anchieta, S/N, KM 64 e 65, Bairro Alemoa	50,00%	45.00%
I/S Koge Hospital	2900 Hellerup (Denmark) - Tuborg Havnevej 18	80,00%	80,00%
I/S Odense Hospital	2900 Hellerup (Denmark) - Tuborg Havnevej 18	49,00%	49,00%
ITINERA - GHANTOOT JV	Emirate of Abu Dhabi, UAE	50,00%	50,00%
Itinera/Cimolai JV	Gabarone/Repubblica del Botswana	72,23%	72,23%
MG-135 Consortium	Avenida Dom Pedro II, número 801, Bairro Centro	50,00%	45,00%

List of shareholdings in subsidiaries, jointly controlled and associate companies measured with the "net equity method"

Companies	Registered offices	Group's share
Autostrada Nogare Mare Adriatico S.c.p.A. in liquidazione	37135 Verona, Via Flavio Gioia 71	29%
Nichelino Village S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50%
Formazza S.c.a.r.l. in liquidazione	15057 Tortona (AL), Str.Priv.Ansaldi, 8	33%
Con.Si.L.Fer.	Roma - Via Indonesia 100	50%
Europa S.c.a.r.l.	43121 Parma - Via Anna Maria Adorni 1	50%
Lissone S.c.a.r.l. in liquidazione	20147 Milano, Via Marcello Nizzoli 4	50%
Malco S.c.a.r.l.	36100 Vicenza - Viale dell'Industria 42	50%
Ponte Nord S.p.A.	43121 Parma - Via Anna Maria Adorni 1	50%
Tunnel Frejus S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50%
Letimbro S.c.a.r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	49%
Fondo Valle S.c.a.r.l. in liquidazione	Tortona (AL) - Str. Priv. Ansaldi 8	39%
S.A.C. S.r.l. Consortile in liquidazione	Carini (PA) - S.S. 113 zona industriale	35%
Mose TREPORTI	35127 Padova, Via Belgio 26	23%
Consorzio Costruttori TEEM	15057 Tortona (AL), Strada Statale per Alessandria 6/a	35%
Aurea S.c.a r.l	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50%
Marchetti S.c.a r.l.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	37%
SERRAVALLE VILLAGE S.C.A R.L.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50%
COVA S.c.a r.l.	Bologna - Via del Tappezziere, 4	40%
MOSE BOCCA DI CHIOGGIA SCARL	35127 Padova, Via Belgio 26	43%
FEDERICI STIRLING BATCO LLC (*)	Muscat (Oman) - P.O. BOX 1179 AL ATHAIBA, 130	34%
Interconnessione Scarl	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50%
MOSE OPERAE S.c.a.r.l	35127 Padova, Via Belgio 26	40%
CMC ITINERA JV S.c.p.A.	Ravenna, Via Trieste	49%
Mill Basin Bridge Constructors	421 East Route 59 Nanuet, Ny 10954-2908	50%
Consorzio Frasso Telesino	43121 Parma - Via Anna Maria Adorni 1	33%
TESSERA S.C. A R.L.	15057 Tortona (AL), Strada Statale per Alessandria 6/a	39%
ASTA S.p.A.	10143 Torino, Via Piffetti 15	30%
Darsene Nord Civitavecchia S.c.a r.l.	00139 Roma, Piazza Fernando De Lucia, 65	50%
G.S.G. Tuneling S.r.l. in liquidazione	00139 Roma, Piazza Fernando De Lucia, 65	33%
SISTEMI E SERVIZI S.c.a r.l.	15057 Tortona (AL), Str. Prov.Lomellina 3/13	22%

(*) On 20 October 2015 Itinera purchased 34.3% of shares, representing 49% of the economic interests, of Federici Stirling Batco LLC based in Muscat, the capital of the Sultanate of Oman, which operates in the construction industry. The agreements signed with shareholder Batco Holding S.A.L. attribute joint control over shares to Itinera.

Changes in the scope of consolidation

The following is reported for changes to the scope of consolidation:

- on 25 June 2018, Itinera S.p.A. acquired a further 44% of the share capital of Impresa Costruzioni Milano Scarl - I.CO.M. in liquidation reaching an overall share of 93% of the share capital; following this additional purchase, the company is included in the scope of consolidation;
- on 4 July 2018, Itinera S.p.A. purchased all the shares of Interstrade S.p.A.. On 1 December 2018 Interstrade S.p.A. was merged by incorporation into Itinera S.p.A.; the accounting effectiveness of the merger is retroactive to 4 July 2018 with the consequent inclusion in the scope of consolidation starting from that date;
- on 4 July 2018, Itinera S.p.A. acquired the entire share capital of SEA Segnaletica Stradale S.p.A.; as of the date of acquisition, SEA Segnaletica Stradale S.p.A. falls within the scope of consolidation;
- on 10 September 2018 Halmar International LLC established Potomac Yard Constructors of which it holds 60%; therefore it falls within the scope of consolidation starting from the date of incorporation;
- on 23 October 2018, Itinera S.p.A. subscribed 100% of the share capital of the newly formed Società Attività Marittime S.p.A.; as of the date of foundation, the company is included in the scope of consolidation;
- following the liquidation and cancellation of 10 December 2018, Itinera Geosystem S.a.r.l is no longer included in the scope of consolidation; therefore the liquidated company is consolidated - with the "Integral Method" - only for "economic balances";
- Storstroem bridge JV I/S: during the year, the JV which, by virtue of the type of agreements in place, is controlled by Itinera S.p.A., became operational;
- starting from 2018 the joint operations 3RD TRACK CONTRUCTORS, Alças da Ponte Consortium, MG-135 Consortium, CONS. BINÁRIO PORTO DE SANTOS, Koge Hospital Project Team I/S and Odense Hospital Project Team Joint Venture I/S and Arge H 51 are included in the scope of consolidation.

Information on the Balance Sheet

Note 1 - Intangible assets

(amounts in thousands of Euro)	Goodwill	Other intangible assets		Total
		Industrial patent rights	Other assets	
Cost:		**2.283**	**5.478**	**7.761**
1st January 2017				
Investments		25		**25**
Reclassifications		25	(90)	**(65)**
Write-downs				-
Reversals				-
Disposals		(39)		**(39)**
Change in perimeter (IAS 1)	42.829	-		**42.829**
Exchange differences	(1.998)			**(1.998)**
31st December 2017	**40.831**	**2.294**	**5.388**	**48.513**
Accumulated depreciation:		**(1.240)**	**(4.608)**	**(5.848)**
1st January 2017				
Depreciation 2017		(131)	(297)	(428)
Adjustments		(13)	89	76
Reversals				-
Change in perimeter (IAS 1)		23		23
31st December 2017		**(1.361)**	**(4.816)**	**(6.177)**
Net book value:				
1st January 2017	**-**	**1.043**	**870**	**1.913**
31st December 2017	**40.831**	**933**	**572**	**42.336**

(amounts in thousands of Euro)	Goodwill	Other intangible assets		Total
		Industrial patent rights	Other assets	
Cost:	**40.831**	**2.294**	**5.388**	**48.513**
1st January 2018				
Investments		104	5	**109**
Reclassifications		58	(58)	**-**
Write-downs				-
Other changes	820	6	1	**827**
Disposals		(24)	(2.250)	**(2.274)**
Change in perimeter (IAS 1)	539	117	1.529	**2.185**
Exchange differences	1.801			**1.801**
31st December 2018	**43.991**	**2.555**	**4.615**	**51.161**
Accumulated depreciation:		**(1.361)**	**(4.816)**	**(6.177)**
1st January 2018				
Depreciation 2018		(141)	(430)	**(571)**
Reclassifications				-
Other changes		(21)	2	**(19)**
Disposals		24	2.250	**2.274**
Change in perimeter (IAS 1)		(79)	(748)	**(827)**
Exchange differences		(11)	(15)	**(26)**
31st December 2018		**(1.589**	**(3.757)**	**(5.346)**
Net book value:				
1st January 2018	**40.831**	**933**	**572**	**42.336**
31st December 2018	**43.991**	**966**	**858**	**45.815**

The change in perimeter (IAS 1) in 2018 refers mainly to Interstrade and Sea Segnaletica Stradale's entrance in the scope of consolidation. It should be noted that these transactions are part of the operations under common control, therefore they have been consolidated in continuity of values, with specific reference to SEA Segnaletica Stradale, the consolidation of the same has given rise to goodwill equal to Euro 539 thousand in line with what was already reported by ultimate parent company, Aurelia.

With reference to the goodwill attributable to the acquisition of the Halmar group (amounting to 43,5 million Euro at 31 December 2018) which took place on 5 July 2017, during the year the valuation process of the net assets and liabilities acquired was completed since 12 months have elapsed from the acquisition date. The difference between the price paid for the acquisition with respect to the book values of the assets and liabilities acquired was recorded as "Goodwill".

In accordance with IAS 36, goodwill is not subject to amortisation, but – since it is an intangible asset with an indefinite useful life – it is subject to an "impairment test" once a year or in the presence of specific events or circumstances that lead to presume an impairment loss.

Goodwill emerging from the consolidation of Halmar was subject to an impairment test based on the 2019-2022 financial plan approved by the subsidiary's board of directors on 22 January 2019. The "value in use" was determined by discounting the future cash flows ("Discounted Cash Flows") obtained from the above plan and the "Terminal Value", determined based on the last year of the plan, assuming a "g rate" equal

to 2.1%, and a 10.13% WACC. With regard to the "value in use" estimation, a sensitivity analysis of the results was also carried out by varying both the components of the flows and the WACC used. The recoverable value thus determined was significantly higher than the carrying value, not highlighting impairment.

Concessions non-compensated revertible assets

The item refers entirely to the existing concession in Taranto Logistica S.p.A.:

Cost:	
1st January 2017	**25.103**
Investments	**37.381**
Grants	**(28.498)**
Write-downs	
Reversals	
Disposals	
31st December 2017	**33.986**
Accumulated depreciation:	
1st January 2017	
Depreciation 2017	
Reversals	
31st December 2017	**-**
Net book value:	
1st January 2017	**25.103**
31st December 2017	**33.986**

Cost:	
1st January 2018	**33.986**
Investments	**42.340**
Grants	**(28.779)**
Write-downs	
Other changes	**(11.808)**
Reversals	
Disposals	
31st December 2018	**35.739**
Accumulated depreciation:	**-**
1st January 2018	
Depreciation 2018	
Reclassifications	
Reversals	
31st December 2018	**-**
Net book value:	
1st January 2018	**33.986**
31st December 2018	**35.739**

Note 2 – Tangible assets

This item is broken down below:

Buildings, plants, machinery and other assets

(amounts in thousands of Euro)	Land and buildings / Real estate investments	Plants and machinery	Industrial and commercial equipment	Other assets	Leased assets	Assets in process of formation and advances	Total
Cost:	**29.181**	**23.515**	**15.717**	**5.976**	**25.898**	**-**	**100.287**
1st January 2017							
Investments		1.228	3.557	1.000		48	**5.833**
Reclassifications		57	(163)	20	(148)		**(234)**
Write-downs							**-**
Change in perimeter (IAS 1)	5.478	(12)	7.924	2.542	4.130		**20.062**
Disposals	(567)	(2.362)	(2.137)	(684)	-		**(5.750)**
Exchange differences	(107)	-	(156)	(53)	(80)		**(396)**
31st December 2017	**33.985**	**22.426**	**24.742**	**8.801**	**29.800**	**48**	**119.802**
Accumulated depreciation:	**(10.371)**	**(17.566)**	**(12.934)**	**(4.673)**	**(21.737)**	**-**	**(67.281)**
1st January 2017							
Depreciation 2017	(567)	(1.539)	(1.809)	(699)	(1.496)		**(6.110)**
Reclassifications	1	(51)	172	(17)	-		**105**
Change in perimeter (IAS 1)	(548)	1	(5.183)	(1.878)	(1.583)		**(9.191)**
Utilisations	301	1.754	1.923	553	-		**4.531**
Exchange differences	12	-	114	41	40		**207**
31st December 2017	**(11.172)**	**(17.401)**	**(17.717)**	**(6.673)**	**(24.776)**	**-**	**(77.739)**
Net book value:							
1st January 2017	**18.810**	**5.949**	**2.783**	**1.303**	**4.161**	**-**	**33.006**
31st December 2017	**22.813**	**5.025**	**7.025**	**2.128**	**5.024**	**48**	**42.063**

(amounts in thousands of Euro)	Land and buildings / Real estate investments	Plants and machinery	Industrial and commercial equipment	Other assets	Leased assets	Assets in process of formation and advances	Total
Cost:	**33.985**	**22.426**	**24.742**	**8.801**	**29.800**	**48**	**119.802**
1st January 2018							
Investments	6	3.826	3.529	3.115	1.682	1.959	**14.117**
Reclassifications	(85)	164	874	(1)	(611)	18	**359**
Write-downs							**-**
Change in perimeter (IAS 1)	19.422	10.324	18.476	1.611			**49.833**
Disposals		(1.352)	(4.535)	(1.949)	(2.457)		**(10.293)**
Exchange differences	255	(2)	428	162	167	45	**1.055**
31st December 2018	**53.583**	**35.386**	**43.514**	**11.739**	**28.581**	**2.070**	**174.873**
Accumulated depreciation:	**(11.172)**	**(17.401)**	**(17.717)**	**(6.673)**	**(24.776)**	**-**	**(77.739)**
1st January 2018							
Depreciation 2018	(851)	(1.783)	(3.225)	(1.010)	(1.734)	-	**(8.603)**
Reclassifications	27	31	(4)	61	(460)		**(365)**
Change in perimeter (IAS 1)	(4.025)	(9.772)	(14.832)	(1.235)			**(29.864)**
Utilisations		1.010	2.690	1.785	1.930		**7.415**
Exchange differences	(32)		(315)	(85)	(78)		**(510)**
31st December 2018	**(16.053)**	**(27.915)**	**(33.423)**	**(7.157)**	**(25.118)**	**-**	**(109.666)**
Net book value::							
1st January 2018	**22.813**	**5.025**	**7.025**	**2.128**	**5.024**	**48**	**42.063**
31st December 2018	**237.530**	**7.471**	**10.091**	**4.582**	**3.463**	**2.070**	**65.207**

The perimeter change (IAS 1) is a consequence of the entry into the consolidation area of Sea Segnaletica Stradale and the merger with Interstrade.
Investments for the period, amounting to 14,117 thousand Euro, mainly relate to specific plants, of which 1,163 thousand in Botswana, 764 thousand in Italy and 608 thousand in the United Arab Emirates, transport vehicles (of which 1,109 thousand in Italy, 511 thousand in United Arab Emirates, 105 thousand in Botswana and 943 thousand in the United States). With regard to non current assets in progress and advances, these refer to Botswana for Euro 523 thousand and for Euro 1,436 thousand to the United States, the latter referring to expansion works on the building in which Halmar International is based. With regard to the item "land and buildings", deriving from the Halmar Group, mortgage guarantees were recognised in favour of M&T Bank on land and buildings owned by Halmar International LLC as collateral for the loans whose residual debt at 31 December 2018 amounted to 2 million Euro.
The land in Tortona owned by the subsidiary SEA Segnaletica Stradale is burdened by a voluntary mortgage of Euro 12 million, in favour of Banca Regionale Europea for a loan in place whose residual value at 31 December 2018 was Euro 3,013 thousand.
No other guarantees were issued on non current assets held as at 31 December 2018.

2.1 – Real estate property investments

The item Land and Buildings includes a building in Bologna, for net total value of 4,525 thousand Euro, owned by Itinera S.p.A. that is rented to third parties.

2.2 – Leased assets

As at 31 December 2018, the Group had 5 contracts, in the name of the group leader Itinera S.p.A., and 60 contracts in the name of Halmar International LLC. These contracts refer to the purchase of plant and machinery and industrial and commercial equipment; their net book value, as at 31 December 2018, was Euro 3,271 thousand.

The fees were determined based on the asset value at contract date and its duration; the fee amount is periodically adjusted according to the relevant financial parameters specific to each contract.

No collateral was issued against commitments due to outstanding contracts as at 31 December 2018.

Note 3
Non current financial assets

3.a – Shares measured using the equity method

Changes in shareholdings measured with the "net equity method" during the year are indicated in annex 1. The following operations, among others, are of note:

- **Autovia Padana S.p.A.:** on 4 May 2018 we received the authorisation from the Ministry of Infrastructure and Transport for the purchase by the Ardian Fund of a 49% stake in the share capital of Autovia Padana S.p.A.; on the basis of the agreements signed with the counterparty, we proceeded with the partial assignment of the stakes held by SATAP and Itinera, which were therefore reduced to 50.9% (from 70%) and 0.1% (from 30%) of the share capital respectively. In particular, on 31 May Itinera assigned 48,946,300 shares in Autovia Padana S.p.A. to the company Fifteen Bay Pipes S.a.r.l. of the Ardian Group. Itinera S.p.A. had paid the residual tenths to be paid out of the subscribed share capital of Euro 36.6 million in January 2018. The sale was completed at face value for Euro 48.9 million;
- **Federici Stirling Batco LLC:** the book value of the investment held in the jointly controlled associate, following its evaluation using the equity method, has decreased due to the implementation of the pro-quota loss posted between 31 October 2017 (financial statements date available at the date of preparation of the 2017 consolidated financial statements) and 31 December 2017 and the pro-quota loss posted as of 31 October 2018, as posted in the financial statements approved by the board of directors of the subsidiary on 12 February 2019, for a total of 5,580 thousand Euro. Moreover, the value of the share has decreased due to the adjustment of the associated company's net equity and the implicit goodwill value at the 31 December 2018 exchange rate totalling Euro 0.5 thousand, offset by the group's net equity. The company subjected the value of the shareholding to an impairment test based on the 2019-2023 financial plan approved by the subsidiary's board of directors on 12 February 2019. The value in use was determined by discounting the future cash flows ("Discounted Cash Flows") obtained from the above plan and the "Terminal Value", determined based on the last year of the plan assuming a "g rate" equal to 3.2%, and a 14.43% WACC. The results of the test led to the need to carry out an impairment of Euro 0.5 million;
- **V.A. Bitumi S.r.l.:** on 26 April 2018 Itinera S.p.A. assigned to third parties its stake in the share capital of VA Bitumi S.r.l. (50%). Previously, the general meeting of shareholders had resolved an allocation of dividends worth Euro 0.5 million. The two transactions had a combined positive effect of approximately Euro 0.1 million.
- **Mill Basin Constructors LLc:** 50% owned by Halmar International LLC, posted in the Itinera Group consolidated financial statements at 31 December 2017 at a value of 7,514 thousand Euro increased during the year by 1,863 thousand Euro following a payment carried out and reduced for the pro-quota of the result achieved during the year, amounting to 5,655 thousand Euro. As the functional currency of the jointly controlled subsidiary is the US dollar, a

negative exchange rate effect of 237 thousand Euro was posted during the period. The value of the investment at 31.12.2018 is equal to 3,959 thousand Euro.

3.b – Other equity investments

Changes in shareholdings in "other companies" during the year are indicated in annex 2.
All shareholdings were measured at cost adjusted by any losses whenever the fair value is not reliably determinable.
The main changes in the year were the following:

- **Aedes SIIQ S.p.A. - Restart SIIQ S.p.A.:** during the year the investee company AEDES SIIQ S.p.A. was the subject of a partial demerger operation in favour of the beneficiary company SEDEA SIIQ S.p.A. (company wholly owned by AEDES SIIQ S.p.A.). The transaction concluded with the listing of SEDEA SIIQ on the Milan Stock Exchange, which took place on 28 December 2018. On that date AEDES SIIQ S.p.A. took the name of RESTART SIIQ S.p.A. while SEDEA SIIQ S.p.A. changed its to AEDES SIIQ S.p.A. Itinera S.p.A. is therefore now the holder of no. 1,693,554 shares of both companies that are listed on the Milan Stock Exchange. At 28 December 2018, the last day of listing relative to 2018, the value of the investments in the financial statements was adjusted to the listing of the securities, respectively equal to 1.12 for AEDES SIIQ (value at 31 December 2018 equal to Euro 1,896 thousand) and 0.169 for RESTART SIIQ (value at 31 December 2018 equal to Euro 286 thousand), with a negative effect of Euro 5,743 thousand allocated to the statement of comprehensive income pursuant to IFRS 9;
- **Si.Co.Gen. S.p.A.:** with the merger by incorporation of Interstrade, Itinera acquired the stake in Si.Co.Gen S.p.A., a company that deals with maintenance work along the Ativa S.p.A. section of the motorway.
- **Sa.Bro.m S.p.A.:** Ithe adjustment to fair value of the investment, as determined by the net equity value of the subsidiary in the financial statements as at 31 December 2017, the last available approved financial statements. In accordance with IFRS 9, the effect of the adjustment was allocated to the comprehensive income statement.

3.c – Other non-current financial assets

These are represented by:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Loans:		
· Loans to subsidiaries		
not fully consolidated	18.068	11.223
Receivables:		
· from suppliers for deposits	841	221
· f rom others	12.131	2.664
Total	**31.040**	**14.108**

Loans include:

- Loans *to associate companies*: relate to the interest-bearing loan granted to Gsg Tunneling S.r.l. in liq. for Euro 41 thousand (Euro 363 thousand at 31 December 2017, repayment of Euro 322 in the year), on which interest accrues at the legal interest rate, equal to 0.3% in 2018, to the loan granted to Federici Stirling Batco LLC amounting to Euro 8,085 thousand (of which 1,928 Euro disbursed during the year), on which interest was paid equal to 3%. The remaining part is made up of non-interest bearing loans to Società Nogara Mare Adriatico S.c.p.A. (Euro 290 thousand), Tunnel Frejus S.c.a r.l. (Euro 3,000 thousand), Nichelino Village S.c.a.r.l. (Euro 1,024 thousand) and Interconnessione S.c.ar.l. (Euro 49 thousand).
- Loans *to other companies*: include the non-interest bearing loan of Euro 4,914 thousand granted to the JV ArgeH51 (net of an elision of 44.99%, corresponding to the percentage of interest in the JV), the loan granted to Sa.Bro.M. S.p.A. equal to Euro 580 thousand on which interest accrues at the rate of 2.75% and the interest-free loan granted to Abesca Europe S.r.l. (66 thousand Euro, of which 20 thousand Euro disbursed during the year). The balance of the interest-bearing loan granted to the subsidiary BreBeMi S.p.A. amounting to Euro 2,404 thousand, on which interest accrues at 12.01%, in line with that done with

the investment, was reclassified under Other receivables. It is pointed out that this loan was fully repaid on 23 January 2019.

The item *"receivables from others"* refers, for a total of Euro 7,787 thousand, to the commitment undertaken by Itinera for the purchase of shares in TE S.p.A. from Consorzio Tangenziale Engineering (2,200,000 shares, Euro 2,569 thousand including interest at 31 December 2018) and by the cooperative companies CMC, CMB, Unieco and Coopsette (4,649,450 shares, Euro 5,218 thousand including interest at 31 December 2018) as the condition precedent (testing of the motorway section) occurred.

The other components of the item include, for an amount of 413 thousand Euro, deriving from the incorporation of ABC in 2016, relating to charges capitalised in past years in relation to the equity investment held, for a share of 50%, in the consortium Con.Si.L.Fer. If the final outcome of the dispute that the consortium is pursuing with the State Railways is favourable (currently with the Supreme Court judgement of 9 October 2013, the decision was referred to the Civil Court of Appeals of Rome), these costs make up contract charges which will be amortised based on the progress of the job; if it is negative, or if the ruling sets a compensation in favour of the consortium, these will be expensed in the period in which the pertinent judicial bodies issue their final sentence. It should be noted, however, that these costs are entirely offset by funds allocated in the past years.

The item also includes the advance payment of Euro 250 thousand paid to Logsystem International S.r.l. for the purchase of 40% of the share capital of Logsystem S.r.l., a company wholly owned by the former, owner of the land which is synergistic for the activities of the subsidiary Taranto Logistica S.p.A., and of the net cash value of the insurance policies stipulated by the subsidiary Halmar International LLC in favour of natural person shareholders for the amount of Euro 1,269 thousand.

Note 4 – Deferred tax assets

This item totals 11,003 thousand Euro (9,522 thousand Euro as at 31 December 2017); for the breakdown of this item, please see Note 32-Income tax.

Note 5 – Inventories and contractual assets

These are represented by:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Raw materials, subsidiary materials and consumables	9.857	7.395
Work in progress and semi-finished products	2.382	1.775
Work in progress on order /Contractual assets	199.780	119.250
Finished products and goods	1.333	1.816
Advances	5.117	781
Total	**218.469**	**131.017**

The following is a summary table of the contribution of Interstrade and Sea Segnaletica Stradale on the effective date of consolidation:

(amounts in thousands of Euro)	4 July 2018
Raw materials, subsidiary materials and consumables	532
Work in progress and semi-finished products	22
Work in progress on order/Contractual assets	3.894
Finished products and goods	335
Advances	1
Inventory	**4.784**

The contractual assets are thus detailed:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Gross contract value	1.610.645	2.076.371
Advances on work progress	(1.380.979)	(1.900.884)
Advances on price reviews and reserves	(17.681)	(43.458)
Adjusting provisions	(12.205)	(12.779)
Net balance	**199.780**	**119.250**

The adjustment provisions are against the possible risks of certain asset items due to disputes in progress with purchasers and losses that are expected to occur in the continuing work on a number of contracts in progress; their amount is considered adequate to risks and potential liabilities that could arise in relation to the value of contracts.
Finished product inventories: mainly refer to the value of recognition of land as at 31 December 2018 located in the town of Monreale in Contrada San Martino delle Scale (Euro 32 thousand) and to the civil buildings in Milan held for sale (Euro 1,301 thousand).
Advances: the item concerns advances paid to suppliers and subcontractors.

Note 6 – Trade receivables

Trade receivables totalled 205,183 thousand Euro (178,405 thousand Euro as at 31 December 2017) of which 45,948 thousand referring to Halmar Group, net of provisions for doubtful debt equal to 4,401 thousand Euro. Trade receivables due to normal business operations essentially refer to work, material supplies, technical and administrative services and other services, etc.
The doubtful debt reserves allocated in the financial statements is thus deemed consistent to the expected receivable collectability. The following changes occurred during the year:

	Provision for bad debts
Balance as at 01.01.2018	3.123
Increase from change in scope of consolidation	1.356
Utilisation during the year	(174)
Provision for the year	96
Balance as at 31.12.2018	**4.401**

Note 7 – Current tax assets

This item, totalling 12,332 thousand Euro (7,732 thousand Euro as at 31 December 2017) refers to VAT, IRAP and IRES receivables and other tax receivables.

Note 8 – Other receivables

This item is broken down as follows:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
from others	38.667	12.166
prepayments	7.441	2.477
Total	**46.108**	**14.643**

Receivables from others include the "Brebemi-Argentea sale receivables" which refer to the amount that Itinera S.p.A. collected almost entirely on 22 January 2019 from Autostrade Lombarde and Impresa Pizzarotti and includes the following items: an amount of 9,000 thousand Euro relating to the equity investment held in Brebemi, an amount of 2,402 Euro relating to the loan to the same investee (of which 472 thousand Euro disbursed during the year) and 17 thousand Euro relating to the investment in Argentea Gestioni ScpA. At 31 December 2017, both the amount of the investment and the portion of the loan granted to Brebemi were reclassified to non-current assets held for sale. For further information, please refer to the Report on Operations.
The item "to others" includes among others:
- Euro 2,226 thousand relating to advances paid to some suppliers for the purchase of equipment in the Arab Emirates;
- Euro 8,053 thousand relating to Romania, mainly due to the recharge of costs attributable to shareholders in the current initiative.

"Prepayments" mainly refer to prepayments on insurance, of which Euro 1,008 thousand relating to the Halmar Group.

Note 9 – Financial assets

These amount to 16,449 thousand Euro at 31 December 2018 (847 thousand Euro at 31 December 2017) and refer to low-risk and readily liquidated investment funds underwritten by the Brazilian subsidiary Itinera Construcoes for 4,604 thousand Euro and by the Joint Operation 3rd Track for Euro 11,845 thousand.

Note 10 – Liquid funds and equivalents

These are represented by:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Bank and post office deposits	109.275	88.604
Cash and valuables in hand	909	232
Total	**110.184**	**88.836**

Interest rates on bank and postal current accounts are market rates.
The increase in cash and cash equivalents was affected by the acquisition of Sea Segnaletica Stradale for Euro 1,905 thousand, of Storstrom Bridge for Euro 17,146 thousand and of Potomac Yard for Euro 6,462 thousand

Note 11 – Non-current assets held for sale

The item equal to 0 at 31 December 2018 amounted to Euro 10,931 at 31 December 2017 and consisted of Euro 9 million for the equity investment held in Brebemi, and the corresponding loan of Euro 1,931; the corresponding values were reclassified under "Other receivables" since the transaction took effect in 2018 whose financial settlement took place on 22 January 2019.

Note 12 – Net equity

12.1 – Share capital

The share capital as at 31 December 2018, fully subscribed and paid-in, comprises 86,836,594 ordinary shares with a par value of Euro 1 each totalling Euro 86,837 thousand.
Share capital is in tax suspension for Euro 1,833 thousand attributable to Itinera S.p.A. incorporation in 2006: the revaluation reserves ex law 342/2000 and law 350/2003 in Itinera S.p.A. equity for a total of Euro 2,282 thousand, were reconstituted by attributing compensation excess (Euro 449 thousand) and, for the mentioned amount, to share capital. The remaining part is made up of shareholder contributions for Euro 67,898 thousand, of profit reserves for Euro 4,157 thousand, of capital reserves for Euro 5,240 thousand due to the incorporation of ABC Costruzioni S.p.A. and of contributions in kind, confirmed by report, for Euro 7,708 thousand.

12.2 – Reserves

Changes are summarised in the following table (values in thousands of Euro):

Share Reserve	31/12/2017	Increases	Decreases	31/12/2018
Premium reserve	26.901			26.901
Legal reserve	5.634	141		5.775
Other reserves	114.402		(2.922)	111.480
Retained earnings	(12.894)	1.885	(10.740)	(21.749)
Provision for severance indemnity	235		(13)	222
Profit for the year	4.703	7.771	(4.703)	7.771
Total	**138.981**	**9.797**	**(18.378)**	**130.400**

12.2.1 – Share premium reserve
The item is due to share capital increases during 2013.

12.2.2 – Legal reserves
The increase is due to the ordinary shareholders' assembly resolution dated 13 April 2018 with which 2017 profits, for Euro 2,816 thousand, were allocated to legal reserves for Euro 141 thousand and extraordinary reserves for Euro 2,675 thousand.

12.2.4 – Other reserves

Extraordinary reserve
The increase is due to Assembly resolution dated 10 April 2018 on the allocation of 2017 profits.
Exchange gain reserve This item is negative at Euro -1,200 thousand and is related to the adjustment to the end-of-period exchange rate of foreign branches (Euro -483 thousand), to the exchange rate effect of the measurement of Federici Stirling LLC (Euro -231 thousand), to the exchange rate effect relating to the consolidation of companies with a functional currency other than the euro (Euro -486 thousand).

Merger gains
It is represented by the compensation excess generated with the merger by incorporation of Itinera S.p.A. which took place in 2006 for Euro 449 thousand and for Euro 13,470 with the merger by incorporation of ABC Costruzioni S.p.A. which took place on 31 December 2016.
The merger deficit reserve amounts to Euro – 2,228 thousand and is represented by the difference generated by the merger by incorporation of Interstrade S.p.A. with legal effect as of 1 December 2018, which, falling under the scope of the operations "under common control", was recognised in accordance with the OPI 1 in continuity of values with that carried out by the parent company and in accordance with the OPI 2 the effects of the merger were charged starting from 4 July 2018, the date on which Itinera S.p.A. acquired the entire share package and consequently control of Interstrade S.p.A.
Cancellation gains
It totals Euro 58 thousand and is represented by the cancellation gains generated with the merger by incorporation of Strade Co. Ge. S.p.A. in 2010.

12.2.4 – Retained earnings
This item totals, as at 31 December 2018, – 21,749 thousand Euro (– 12,894 thousand Euro as at 31 December 2017) and also includes amounts concerning the differences in accounting policies that emerged at the IFRS transition date (1 January 2004), due to the adjustments to financial statement balances prepared - according to national accounting policies to that date. The change in this item is attributable to the change in the method of determining the percentage of completion of work in progress and to the reversal of some pre-operating costs in the application of the new IFRS 15 principle. For further details, see the specific paragraph dedicated to the introduction of the new IFRS 15 principle.

12.2.5 – Severance actualisation reserves
This item amounts to 222 thousand Euro (235 thousand Euro at 31 December 2017) and includes unrealized gains and losses related to severance indemnities posted under other components of "comprehensive income statement".

12.2.6 – Profit for the year
This item includes Group profits for the year for 7,771 thousand Euro (4,703 thousand Euro in 2017).

12.3 – Minority interests in capital and reserves
This item totalled, as at 31 December 2018, 15,775 thousand Euro (14,123 thousand Euro as at 31 December 2017).

Note 13 – Provisions for risks and charges and Employee benefits (Severance)

13.1 – Provision for risks and charges

This item totalled 4,120 thousand Euro (5,971 thousand Euro as at 31 December 2017).

Description	31/12/2017	Increases	Decreases	Other changes	Change in scope of consolidation	Exchange differences	31/12/2018
Disputed tax reserves	**50**						**50**
Subsidiaries risks reserves	**2.399**	313	(734)	(1.241)		27	**764**
Provision for corporate reorganisation expenses	**280**	24	(280)				**24**
Adjustment reserve for construction material price	**894**	(894)					**-**
Other reserves	**2.348**	715	(55)		274		**3.282**
Total	**5.971**	**1.052**	**(1.963)**	**(1.241)**	**274**	**27**	**4.120**

Following is a brief description of the nature of the commitments associated with provisions and any prudentially foreseen compensation.

The item includes the following accounts:
- *Disputed tax reserves:* the reserve was allocated to take account of the results of the tax assessment carried out in 2016 by the Revenue Agency Piedmont Regional Directorate in relation to the 2013 tax period for the parent company Itinera S.p.A.. No changes were recorded during the year.
- *Provision for legal disputes:* It fully refers to alleged charges that may arise from pending legal proceedings. These legal proceedings refer to disputes for Fiumicino Pista 3 (Euro 403 thousand) and Provincia di Piacenza (Euro 223 thousand). During the year, amounts related to Sintesi S.p.A. were used for the amount of Euro 55 thousand to cover legal expenses incurred. The provision recognised in the year is attributable to the amount envisaged for a transaction with a supplier.
- *Subsidiaries risks reserves:* the remaining reserves refer to the coverage of expected charges, for various reasons, from subsidiaries Marcallo S.c.a. r.l. (Euro 14 thousand), CCT (Euro 114 thousand) and Lambro S.c.a r.l. (Euro 200 thousand). During the year the amounts set aside to cover the costs charged by Marcallo S.c.a r.l. (Euro 286 thousand) were used. The reduction for the year is also attributable to the use of the provision to cover the loss recorded by the subsidiary Urbantech S.p.A.
The remaining change, equal to Euro 1,241 thousand, attributable to the companies Cornigliano Scarl (Euro 198 thousand) and Interconnection S.c. a. r.l. (Euro 1,043 thousand) is due to the modification of the criteria for calculating the percentage of completion, as illustrated in the paragraph relating to the impacts of IFRS 15, recognised with an offset item in shareholders' equity.
- *Reserves for future liabilities:* the remaining reserves refer, for an amount of 1,236 thousand Euro, to charges to be incurred for work related to the disposal of hazardous materials and the reclamation of the area where they are found in the municipality of Salbertrand. The item also includes the measurement at 31 December 2018 of the capital loss deriving from the sale of the investments in TE currently owned by Consorzio Engineering and by Cmb, Unieco and Coopsette which Itinera S.p.A. undertook to purchase within the scope of the agreement signed between the Group companies SATAP S.p.A. and SIAS

S.p.A. on the one hand, and Intesa San Paolo S.p.A. (ISP) on the other. The amount set aside amounts to Euro 554 thousand, of which 123 allocated in the year 2018. The remaining part, amounting to Euro 290 thousand (of which Euro 273 thousand already recorded in the Interstrade financial statements on the effective date of the merger) refers to the estimated cost to cover future costs relating to quarry sites.
- *Provision for future charges for employees:* this provision, amounting to 535 thousand Euro, refers solely to the bonuses relating to the managerial incentive system.
- *Corporate reorganisation expense reserves:* the reserve, allocated in 2016 for charges related to the procedures initiated to reduce redundancies, was used for a total of Euro 1.3 million. The procedures have terminated; the residual amount is in relation to the charges that Itinera S.p.A. might still have to sustain again in the first few months of 2019.
- *Construction material price adjustment reserves:* the reserves refer to the estimate of alleged charges that the company could incur based on art. 133, paragraphs 4 and subsequent, of Legislative Decree 163/2006 which sets compensations following increases and decreases for exceptional price changes to the most significant construction materials. The Parent Company proceeded with the provisioning of the provision, amounting to Euro 894 thousand, since the sites for which the provision had been set aside have ended.

13.2 – Employee benefits (Severance)

This item totalled Euro 5,750 thousand (Euro 4,797 thousand as at 31 December 2017). The following changes occurred during the year:

1st January 2018	**4.797**
Adjustment of the period	477
Adjustment of scope	1.210
Indemnity paid/liquidated in the period	(734)
31st December 2018	**5.750**

The following tables illustrate the economic-financial and demographic hypotheses adopted for the actuarial measurement of the liabilities, respectively.

Economic-financial hypothesis	
Annual discount rate	1.62%
Annual inflation rate	From 1.5% to 2.0%
Annual severance growth rate	From 2.625% to 3.0%

Demographic hypothesis	
Mortality	Tab RG48 from State Jan. Status
Disability	INPS tables by age and gender
Retirement age	Achievement of requirements
Advance frequency %	4.0%
Turnover	10.0%

13.3 – Halmar Group's Multiemployer Plan

The Halmar Group supports several multi-employer pension plans, governed by collective bargaining, for its employees represented by the trade unions. The risks of participating in these plans, which involve more than one employer, are different from the plans promoted and supported by a single employer in the following aspects:
- the assets contributed by an employer to the multi-employer pension plan can be used to provide benefits to the employees of other employers involved in the plan;
- if an employer ceases to contribute to the multi-employer plan, the obligations not honoured by the latter must be covered by the other employers participating in the plan;
- if a company chooses to leave a multi-employer pension plan, it could be required to pay the plan an amount calculated based on any overall under-capitalisation of the plan at the time of leaving.

The table below shows the contribution to the plan by the Halmar Group for the period until the financial year closed at 31 December 2018:

Pension Trust Fund	Pension Plan Employer Identification Number	Pension Protetion Act ("PPA") Certified Zone Status[1]		Contributions		Expiration Date of Collection Bargaining Agrement[2]
		2018	2017	2018	2017	
Westchester Heavy Construction Laborers Local 60 Pension Fund	13-1962287	Green	Green	86	18	march 27, 2021
International Union of Operating Engineers Local 14 Pension Fund	11-2392157	Green	Green	41	21	june 30, 2022
New York District Council of Carpenters Pension Plan	51-0174276	Green	Green	342	101	may 31, 2021
Pension Plan of the IUOE Local 137 , AFL-CIO	13-1825849	Green	Green	27	5	february 28, 2021
Central Pension Fund of the IUOE & Participating Employers Local 15 & 15D	36-6052390	Green	Green	98	11	june 30, 2022
Empire State Carpenters Pension Fund Local 253/279	11-1991772	Yellow	Green	61	36	april 30, 2019
Local 282 Pension Trust Fund	11-6245313	Green	Green	71	75	june 30, 2021
Iron Workers Locals 40, 361 & 417 Pension Fund	51-6102576	Green	Green	56	115	june 30, 2020
Staff DC Plan for Heavy and General Laborers Locals 472 & 172 Employee Benefit Funds	22-6032103	Green	Green	75	22	march 01, 2017
Excavators Union Local 731 Pension Fund	13-1809825	Green	Green	493	284	april 30, 2026
Cement Masons Local 780 Pension Plan	13-1626710	Green	Green	10	6	june 30, 2017
Operating Engineers Local No. 825 Pension Fund	22-6033380	Green	Green	46	18	march 31, 2017
Pavers&Road Builders DC Pension Fund Local 1010	13-1990171	Green	Green	34	28	june 30, 2019
Laborers Local No. 17 Pension Fund	14-6025196	Yellow	Yellow	34	24	april 30, 2017
Iron Workers Local 11 Pension Fund	22-6243387	Green	Green	21	28	june 30, 2017
Laborers' Local 235 Pension Fund	13-6186984	Green	Green	51	22	april 30, 2020
International Union of Operating Engineers Local 138 Pension Fund	36-6052390	Green	Green	1	32	may 31, 2018
Laborer Local 1298 Pension Fund	11-1970385	Yellow	Yellow	15	28	may 31, 2022
Iron Workers Local 424 Pension Fund	06-6077019	Red		11	-	june 29, 2018
Carpenters Local 326 Pension Fund	06-0738583	Green	Green	26	-	april 30, 2019
Laborers Local 146 Pension Fund	06-6044348	Green	Green	11	-	may 31, 2019
Electrical Workers Local 164 Pension Fund	22-6031199	Yellow		10	--	april 30, 2019
Total Contributions				**1.621**	**874**	

Notes to the table included above:
(1) The "zone status" is based on the most recent information available in 2018 for the plan period in question. Among other factors, plans in the "red zone" are generally financed for less than 65%, plans in the "orange zone" are financed for less than 80% and have a fund deficit in the current year or in the future six years, those in the "yellow zone" are financed for less than 80% and finally those in the "green zone" are financed for at least 80%.
(2) Indicates the expiry of the collective bargaining agreements to which the plans are subject.

Note 14 – Other payables and contract liabilities (non current)

The amount as at 31 December 2018 (Euro 10,430 thousand as at 31 December 2017) refers to the amount of advances on work paid by purchasers according to law and intended to be recovered through the issue of work progress reports proportionate to the completed job, that, based on budget forecasts for work, is considered collectable after 31 December 2019.

(amounts in thousands of Euro)	**Beetween 1 and 5 years**	**Beyond 5 years**	**Total**
Contract advances and liabilities	24.308	-	24.308
Total	**24.308**	**-**	**24.308**

The item includes amounts received from foreign customers, in particular Botswana (Euro 1.9 million), United Arab Emirates (Euro 10.3 million), Romania (Euro 0.2 million), Austria (Euro 746 thousand) and Denmark (Euro 7.3 million).

Note 15 – Bank payables (non current)

Bank payables (non current) total 37,686 thousand Euro (55,220 thousand Euro as of 31 December 2017).
Medium and long term bank payables are broken down as follows:

(amounts in thousands of Euro)	**Beetween 1 and 5 years**	**Beyond 5 years**	**Total**
Banca Passadore loan (Itinera S.p.A.)	6.023		6.023
Bper loan (Itinera S.p.A.)	14.983		14.983
Loan from Carige (Taranto Logistica S.p.A.)	12.151		12.151
Banca Regionale Europea (SEA Segnaletica Stradale S.p.A.)	2.177		2.177
MT BANK loan (Halmar International LLC)	428	1.340	1.768
G&M loan (Halmar International LLC)	584		584
Total financial liabilities	**36.346**	**1.340**	**37.686**

In detail, the item refers to:

- the loan granted by Banca Passadore to the Group leader on 18 December 2017 in the amount of Euro 10,000 thousand, for the non-current portion for 6,023 thousand Euro, which will be repaid in ten semi-annual deferred instalments, the first of which due on 29 June 2018. The loan is due to mature on 30 December 2022;
- the loan disbursed on 18 December 2017 for an amount of 30,000 thousand Euro from Banca Popolare dell'Emilia Romagna to the Group leader to be repaid in eight deferred six-monthly instalments starting from 15 June 2018, for the portion expiring beyond the year equal to Euro 14,983 thousand, net of the amortised cost amount. The loan is due to mature on 15.12.2021. The loan agreement requires compliance with a financial/equity parameter ("covenant") relating to the ratio between Net Financial Position and Shareholders' Equity of the Itinera Consolidated Financial Statements. Compliance with this parameter will be verified annually; as at 31 December 2018 the parameter was respected;
- the loan granted by Banca Carige to Taranto Logistica dated 29 October 2015 in the amount of Euro 20,000 thousand and used for Euro 12,151 thousand. The amount will have to be repaid in a single tranche on 30 September 2020 (originally the deadline was scheduled for September 2019, extended during 2018);
- the loan with Banca Regionale Europea granted to the subsidiary SEA Segnaletica Stradale on 17 February 2010 and disbursed in tranches until 10 April 2012, the portion falling due beyond the year amounts to Euro 2,177 thousand to be repaid in quarterly instalments. The loan is due to mature on 10 April 2022;
- the loan with MT BANK granted on 25 June 2014 to Halmar International for an original amount of USD 2,513 thousand, for the portion falling due beyond the year equal to Euro 1,768 thousand (of which Euro 1339 thousand over 5 years), to be repaid in monthly instalments. The loan is due to mature on 25 June 2034;

- the loan with MT BANK granted on 26 March 2017 to Halmar International for an original amount of USD 435 thousand, for the portion falling due beyond the year equal to Euro 95 thousand, to be repaid in monthly instalments. The loan is due to mature on 26 March 2021;
- the loan with MT BANK granted on 25 June 2014 to Halmar International for an original amount of USD 3,188 thousand, for the portion falling due beyond the year, to be repaid in monthly instalments.

The loan is due to mature on 25 June 2019;
- the loan issued on 03 April 2018 by M&T BANK to Halmar International for an original amount of 5,000 thousand USD to be repaid in monthly instalments. The loan is due to mature on 31 March 2023. At 31 December 2018, the residual debt was classified under current payables, in compliance with the provisions of the IFRS, following the temporary non-compliance with a financial covenant situation that had already disappeared in the first days of 2019 as communicated by the same credit institution. It is pointed out that during the year Itinera S.p.A. repaid the loan granted by Banca Carige on 30 October 2015 and equal to 31 December 2017 to Euro 19,998 thousand in advance for the purchase of the investment in Federici Stirling Batco LLC. After paying the instalments in March and September 2018, early repayment was made on October 24th for the amount of Euro 9,996 thousand.

Note 16 – Other financial payables (non current)

This item, totalling 1,355 thousand Euro (1,020 thousand Euro as at 31 December 2017) is represented by the medium long term share of loans for leased assets.
These payables, based on their maturity, are broken down as follows:

(amounts in thousands of Euro)	**Beetween 1 and 5 years**	**Beyond 5 years**	**Total**
Financial lease contract payables	1.355	1.355	
Amounts due to other investors			-
Total financial liabilities	**1.355**	**-**	**1.355**

Note 17 – Deferred tax liabilities

This item totals 1,200 thousand Euro (1,840 thousand Euro as at 31 December 2017); for the breakdown of this item, please see Note 32 – Income tax.

Note 18 – Trade payables (current)

Amounts due to suppliers totalled Euro 234,332 thousand (Euro 142,430 thousand as of 31 December 2017).

Note 19 – Other payables and contract liabilities (current)

These are represented by:

(amounts in thousands of Euro)	**31st December 2018**	**31st December 2017**
Contract advances and liabilities	86.598	21.044
Payables to parent companies	-	2.319
Amounts due to social security and welfare institutions	2.497	2.015
Payables to consortium companies	62.953	66.522
Amounts due to shareholders for dividends	2.618	-
Payables to employees	7.450	6.568
Deferred income	3.574	1.011
Other payables	37.322	59.004
Total	**203.012**	**158.483**

"Advances/contract liabilities" include advances received from purchasers according to law and intended to be recovered based on the issue of the work progress report. The item includes amounts received from foreign customers, in particular Botswana (Euro 3 million), United Arab Emirates (Euro 12.9 million), Romania (Euro 8.1 million) and Denmark (Euro 2.8 million). It also includes the excess of the advances invoiced compared to the assessment of the related inventories relating to Italy (Euro 2,820 thousand), United States (Euro 35,089 thousand), Brazil (Euro 4,561 thousand).
"Payables to consortium companies" refer to cost reversals by consortium companies posted net of invoiced advances. The main amounts refer to Consorzio TEEM for Euro 7,303 thousand, to CMC Itinera JV Scpa for Euro 11,269 thousand and Letimbro Scpa for Euro 20,396 thousand. The most significant amounts in *"Other payables"* are represented by payables for amounts due for share capital subscriptions in Asti-Cuneo (Euro 7,500 thousand), Passante Dorico S.p.A. (Euro 1,980 thousand), Eurolink (Euro 2,250 thousand) and payables to insurance companies for Euro 3,156 thousand, as well as the payable to the various sellers of TE shares, as per the previous paragraph of Other non-current assets, equal to Euro 7,787 thousand. Other payables include the payable relating to the fair value measurement of the *Additional Price* associated with the purchase of the Halmar International shareholding.

Note 20 – Bank payables (non current)

These are represented by:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Current accounts payable and advances	57.009	30.319
Loans	19.716	20.202
Total	**76.725**	**50.521**

The item *"current accounts payable"* refers to credit lines included in the credit lines granted. The current accounts payable to Interstrade on the effective effective date of the merger amounted to € 5,428 thousand.
Overall indebtedness includes an amount of about Euro 4.1 million of self-liquidating nature, considering that these are amounts advances on contracts and invoice collection.
The item "loans" refers to the current portion of loans already described in Note 15.

Note 21 – Other financial payables (current)

These are represented by:

(amounts in thousands of Euro)	31st December 2018	31st December 2017
Financial lease contract payables	776	1.452
Amounts due to other investors	11.507	3.213
Total	**12.283**	**4.665**

The item *"Payables for financial lease contracts"*, totalling 776 thousand Euro (1,452 thousand Euro as at 31 December 2017) is represented by the short term share of loans for leased assets.
The item "Payables to other lenders" mainly refers to the following items:
- Non-interest bearing loan received from the associated company CMC Itinera JV Scpa for 6,533 thousand Euro;
- Portion of the non-interest bearing loan recognised by the Arge H51 JV pertaining to the Austrian branch (Euro 4,914 thousand), which represents the part of the debt towards the other Joint Operators..

Note 22 – Current tax liabilities

Current tax liabilities (IRES, IRAP, VAT, IRPEF, other minor taxes) totalled 3,932 thousand Euro (2,897 thousand Euro as at 31 December 2017).

Information on the Income Statement

Note 23 – Revenues

Other revenues are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Work and service revenue	586.081	356.378
Other revenues	34.370	28.951
Hire	585	858
Customer contract revenue	621.036	386.187
Changes in work in progress, semi-finished and finished products	(609)	2.016
Total	**620.427**	**388.203**

Revenues include revenues from the American subsidiaries of the Halmar Group for 192,427 thousand Euro, revenues for the Brazilian subsidiary for 7,558 thousand Euro, revenues for the Stormstroem Bridge for 21,967 thousand Euro. "Other revenues" include, among other, the cost reversals for non-Group consortium companies for Euro 13,138 thousand.

23.1 – Other revenues

Other revenues are broken down as follows:

amounts in thousands of Euro)	2018	2017
Compensation of damages	581	1.505
Other revenues	11.724	10.428
Operating grants	64	61
Total	**12.369**	**11.994**

The breakdown by geographical area of revenues for the 2018 financial year is as follows:

(amounts in thousands of Euro)	2018	2017
Italy	313	306
Europe	43	2
Middle East	56	2
Africa	21	18
North and South America	200	72
Total	**633**	**400**

Note 24 – Employee costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Wages and salaries	75.697	46.986
Social security contributions	15.463	12.368
Provision for severance indemnity	2.912	2.355
Other costs	7.510	5.553
Total	**101.582**	**67.262**

With regard to personnel costs, these include Euro 33,978 thousand for consolidation of the American subsidiaries and Euro 2,567 thousand for the subsidiary Itinera Construcoes.
The average breakdown for employees by category is the following:

	2018	2017
Executives	71	51
Managers	129	74
White-collar workers	517	392
Blue-collar workers	720	497
Total	**1.437**	**1.014**

Employees breakdown by category at year end:

	2018	2017
Executives	86	48
Managers	141	73
White-collar workers	604	401
Blue-collar workers	849	434
Total	**1.680**	**956**

Note 25 – Services costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Other costs for services:		
Tangible assets maintenance	3.532	2.323
Consulting	4.618	5.132
Technical design activities	15.913	6.619
Security services	647	564
IT services	1.971	1.689
Transportation	7.274	7.811
Insurance	12.500	3.960
Legal and notary consultancy expenses	2.457	2.078
Corporate body fees and reimbursements	2.287	1.239
Seconded services and contract workers	11.382	80
Other payroll and related costs	6.624	5.012
Utilities	1.668	1.199
Subcontracting	55.453	30.140
Subcontracts	77.639	81.109
Reversals from consortium companies	46.435	91.902
Others	30.792	12.312
Total other services costs	**381.192**	**253.169**

Costs for services include costs relating to the American subsidiaries for 122,168 thousand Euro, to the Brazilian subsidiary for 2,780 thousand Euro, to the Storstroem Bridge subsidiary for 18,950 thousand Euro and to SEA Segnaletica Stradale for 2,784 thousand Euro.

Note 26 – Raw material costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Raw materials	86.094	31.575
Consumables and goods	16.917	17.449
Changes to raw material, consumable and goods inventories	(1.249)	1.240
Total	**101.762**	**50.264**

Note 27 – Other operating costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Use of third party assets	6.640	3.338
Non-recurring costs	1.596	940
Other operating expense	6.410	6.226
Total	**14.646**	**10.504**

Note 28 – Depreciations and write-downs

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Intangible assets:		
· Other intangible assets	570	428
Tangible assets:		
· Buildings	851	567
· Plant and machinery	1.783	1.539
· Industrial and commercial equipment	3.225	1.809
· Other assets	1.010	699
· Leased assets	1.734	1.496
Total depreciation and amortisation	**9.173**	**6.538**

(amounts in thousands of Euro)	2018	2017
Write-downs:		
· Write-down of receivables	345	100
Total write-downs	**345**	**100**

Note 29 – Provisions for risks and charges

The item *"Provisions for risks and charges"* refers to the possible costs incurred for the subsidiaries CCT (Euro 114 thousand), Lambro Scarl (Euro 200 thousand) and other minor ones for a total of Euro 77 thousand (Euro 1,542 thousand at 31 December 2017).

Note 30 – Financial income and charges

30.1 – Financial income

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Share revenue:		
· Dividends from other companies	586	60
· Gains on disposals	125	1.335
Interest and other financial income		
· from credit institutes	40	103
· from loans	153	182
· Others	1.928	1.140
Total	**2.832**	**2.820**

"Dividends from other companies" refers to dividends resolved by Autostrade Centropadane S.p.A. (Euro 541 thousand), Euroimpianti S.p.A. (Euro 45 thousand).
The item "from loans to associated companies" refers to the interest accrued on the loan granted to Federici Stirling Batco LLC amounting to Euro 153 thousand.
"Other financial income" includes exchange gains of 604 thousand Euro and the discounting of receivables from Tubosider S.p.A. for 638 thousand Euro.

30.2 – Financial charges

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Interest due to credit institutes:		
· on loans	1.073	413
· on current accounts	355	500
Other interest payable:		
· on financial lease contracts	8	20
Other financial expenses:		
· Write-down of equity investments	1	836
· Losses on disposals of shares	143	1.382
· Other financial expenses	163	997
Total	**1.743**	**4.148**

Other financial expenses include foreign exchange losses of Euro 109 thousand.

Note 31 – Profits (loss) from companies assessed with the net equity method

The item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Profits (loss) from companies assessed with the net equity method:		
· V.A. Bitumi S.r.l.	117	6
· Asta S.p.A.	378	(69)
· Ponte Nord S.p.A.	(26)	
· Federici Stirling Batco LLC	(6.059)	(1.098)
· Autovia Padana S.p.A.	(49)	
· Mill Basin Bridge Constructors LLC	(5.655)	220
· Total	**(11.245)**	**(990)**

Note 32 – Income taxes

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
CURRENT TAXATION:		
• IRES	965	2.483
• IRAP	349	960
• Foreign taxation	176	165
	1.490	**3.608**
TAXATION RELATING TO PREVIOUS YEARS:		
• IRES	61	(192)
• IRAP	(390)	(30)
	(329)	**(222)**
DEFERRED TAX ASSETS/LIABILITIES:		
• IRES	2.628	(473)
• IRAP	737	(25)
• Foreign taxation		(679)
	3.365	**(1.177)**
INCOME/CHARGES FROM TAX CONSOLIDATION	**6**	**(107)**
Total	**4.532**	**2.102**

In accordance with paragraph 81, letter c) of IAS 12, the reconciliation of income taxes posted in the financial statements as at 31 December 2018 and 2017 ("actual") and those "theoretic" at the same dates is provided below.
Reconciliation between the "theoretic" and "actual" tax rate (IRES):

(amounts in thousands of Euro)	2018		2017	
EARNINGS BEFORE INCOME TAXES				
Actual income tax (from financial statements)	**3.593**	**26,52%**	**2.668**	**39,75%**
Lesser taxes (compared to theoretic rate):				
• Decreases	500	3,69%	937	10,85%
Greater taxes (compared to theoretic rate):				
• Non deductible charges and other changes	840	-6,20%	(1.565)	18,40%
"Theoretic" income tax (24% on earnings before taxes in 2018)	**3.252**	**24,00%**	**2.040**	**24,00%**

Reconciliation between the "theoretic" and "actual" tax rate (IRAP):

(amounts in thousands of Euro)	2018		2017	
Added value (IRAP taxable income)		**23.705**		**10.818**
Actual income tax (from financial statements)	**1.086**	**4,58%**	**411**	**3,80%**
Lesser taxes (compared to theoretic rate):				
• Sundry deductible charges, net				
• other decreases	25	0,11%	171	1,58%
Greater taxes (compared to theoretic rate)				
• Non-deductible charges	(183)	-0,77%	(160)	-1,48%
"Theoretic" income tax (3.9% on earnings before taxes)	**924**	**3,90%**	**422**	**3,90%**

The following tables illustrate, for the year in question and 2017, the deferred tax income and charges posted in the income statement and deferred tax assets and liabilities posted in the statement of assets and liabilities.

(amounts in thousands of Euro)	2018	2017
Deferred tax income for:(*)		
• deferred tax "reversal" on capital gains	60	52
• works in progress	212	
• severance reserves actuarial recalculation		
• Provisions for suspended tax reserves	883	965
• others	1.837	1.204
Total (A)	**2.992**	**2.221**
Deferred tax charges for:(*)		
• provision "reversal" to suspended tax reserves	(1.594)	(684)
· leased assets		
· Effects from work in progress as per IAS	(4.329)	(12)
· Reversal of maintenance expense over the deductible tax rate	(25)	(36)
· Reversal of entertainment expenses over the deductible tax rate		
· Severance reserves actuarial recalculation		(1)
· others	(409)	(311)
Total (B)	**(6.357)**	**(1.044)**
Total (B) – (A)	**(3.365)**	**1.177**

(*) Deferred income and charges were calculated based on tax rates in effect at their expected "reversal".

(amounts in thousands of Euro)	2018	2017
Deferred tax assets for::(*)		
· provisions to suspended tax reserves	4.989	5.161
· Maintenance expenses over the deductible rate	20	46
· Others	5.994	4.315
Total	**11.003**	**9.522**
Deferred tax liabilities for:(*)		
· Capital gains divided over severa accounting periods	(35)	(16)
· Others		(473)
· Leased assets	(424)	(580)
· works in progress	(741)	(771)
Total	**(1.200)**	**(1.840)**

(*) Deferred tax assets and liabilities were calculated based on tax rates in effect at their expected "reversal".

Note 33 – Earnings per share

Share profits are calculated, according to IAS 33, dividing the net Group results by the average number of shares in circulation during the year.

(amounts in thousands of Euro)	**2018**	**2017**
Net result pertaining to the Group	7.771	4.703
Earnings per share (Euro unit)	***0,09***	***0,05***
Number of ordinary shares	86.836.594	86.836.594

Options, warrants or equivalent financial instruments on "potential" ordinary shares with diluting effects were not posted in 2017 and 2018.

Note 34 – Information on the cash flow statement

34.1 – Changes to net working capital

(amounts in thousands of Euro)	**2018**	**2017**
Inventory	(83.937)	(22.782)
Trade receivables	8.971	32.583
Current tax assets	(4.043)	160
Amounts due from others	(19.870)	3.288
Trade payables	49.518	(30.865)
Other payables	76.328	29.615
Current tax liabilities	69	285
Total	**27.037**	**12.285**

34.2 – Other general operating activities changes

(amounts in thousands of Euro)	**2018**	**2017**
Severance reserve use	(734)	(799)
Other fund variations	(1.933)	(3.555)
Totale	**(2.667)**	**(4.354)**

Other information

Following is information on the determination of "fair value"; as for information on the company, on relations with associated parties, on events after year end and foreseeable business outlook, please see the "Report on Operations".

Information on the determination of fair value

Fair value is used to measure financial assets and liabilities if their amount is not reliably determinable.
For financial assets and liabilities listed in an active market, the fair value is determined with reference to market prices at the date of posting and/or subsequent measurement. Should an official market price not be available, the fair value is determined with reference to prices applied in the most recent financial asset or liability purchase, sale or extinction operations.
The fair value of receivables and payables of trade nature is identified with their book value, even in consideration of the fact that their maturity is generally short term and does not require, among others, the use of actualisation techniques.

Statement of relations between the Group leader's net equity and profit for the year according to IFRS international policies and the Group's net equity and consolidated net results

(Amounts in thousands of Euro)	Net Equity as of 31.12.2017	Change to Net equity 2018	2018 profits	Net Equity as of 31.12.2018
Itinera balance sheet with International Accounting policies	**235.730**	**(19.380)**	**512**	**216.862**
Adjustments:				
1. – Difference in net equity and subsidiaries values	(1.640)	(53)	865	(828)
2. – Halmar Group consolidation	(2.531)	2.190	283	(58)
3. – Reversal of the CFH reserve	3.061			3.061
4. – V.A. Bitumi S.r.l. result (net equity)	19		(19)	-
5. – Asta S.p.A. result (net equity)	(61)		378	317
6. – Autovia Padana S.p.A. result (net equity)	(117)		117	-
7. – Federici Stirling Batco LLP result (net equity)	(3.648)	523	3.125	-
7. – Reversal of Codelfa S.p.A. transfer effects	(4.995)		2.615	(2.380)
8. – Other Minor		368	(105)	263
Group share according to IAS/IFRS international accounting policies	**225.818**	**(16.352)**	**7.771**	**217.237**

Guarantees given

The main sureties granted are listed below:
Contract performance bonds: they totalled 474.6 million Euro and are issued to purchasers for good work execution, contract advances, contract releases, withholding release as collateral and tender participation, referred to all contracts in progress.
Following the acquisition of Halmar International LLC, the parent company took over, for its share, through the issue of corporate guarantees, the guarantees that the shareholders had provided to financial institutions – banks and insurance companies – that support the company.
In particular, it signed an Indemnity Agreement for a total of USD 300 million (Euro 262 million) with the US insurance company that had issued the guarantees necessary for execution of works in the interests of the latter, through which it undertakes to counter-guarantee 50% (equal to the shareholding in the US company) of the work in progress at the time of the closing; at the balance sheet date, the risk commensurate with the work to be carried out amounted to Euro 43.5 million.
For the works acquired by the Halmar Group subsequent to the closing date, Itinera issued guarantees for a total of USD 970 million, equivalent to Euro 847.2 million; the risk commensurate with the work to be carried out amounts to Euro 700.8 million.
Performance bonds and other collateral for loan grants: they total Euro 110 million and refer to non consolidated companies.
Collateral concerning: The Group leader pledged no. 100 Tangenziale Esterna S.p.A. shares to the Banca Intesa SanPaolo S.p.A. - par value Euro 0.1 thousand -, as collateral for the loan granted by this bank in favour of the subsidiary. The Group leader pledged no. 9,000,000 Società di Progetto Bre.Be.Mi. S.p.A. shares to the Banca Unicredit S.p.A. - par value Euro 9,000,000 -, as collateral for the loan granted by this bank in favour of the subsidiary.

Financial risk management

As per IFRS 7, please note that the Itinera Group, in ordinary business activities, is potentially exposed to the following financial risks:

- "market risk" represented by the risk that the value of assets and liabilities or future cash flows can fluctuate following market price changes that, in this case, can essentially concern the interest rate and exchange market;
- "liquidity risk" due to the lack of adequate financial resources to meet business activities and reimburse undertaken liabilities;
- "credit risks" represented by both the risk of default in obligations undertaken by purchasers/customers and the risk associated with normal trade relations.

These risks are analysed - in detail - below:

• Market risk

With regard to the risk associated with interest rates, variations in the market levels of interest rates have an impact on the cost and yield of the various forms of funding and investment and thus have an impact on the total net financial charges.

The Group leader Itinera's strategy aims to limit the variations it is subject to through monitoring of the respective market dynamics by duly appointed company departments who work closely with the parent company's Central Financial Management to identify the optimal combination of fixed and variable rate loans and using – where this is deemed appropriate – specific hedging contracts.

With reference to the Group's financial indebtedness as at 31 December 2018, please note that this indebtedness is mainly expressed at "fixed rate" and that the Group did not use, during the year, "financial instruments" to cover interest rate variations.

The Group is exposed to exchange rate risk deriving from various factors including (i) receipt and payment cash flows in currencies different to the financial statements currency (financial exchange risk); (ii) net investment of capital in subsidiaries with financial statements currencies not in Euro (translation exchange risk); (iii) deposits and/or loans in currencies that are different to the financial statement currency (transaction exchange

risk). The duly appointed company departments work closely with ASTM Group's Central Financial Management and pursue a policy of hedging risk associated with variations in exchange rates, using financial resources that are available on the market, and in consideration of the level of exposure of individual contracts and projects to said risk. As at 31 December 2018 there are no existing currency hedging operations but in virtue of the commencement of various sites these are likely to be put in place during the course of 2019.

• Liquidity risk

The "liquidity risk" represents the risk that the available financial resources may not be sufficient to meet obligations. This risk may emerge, substantially, from potential delay in collecting payments from purchasers – from both the public and private sector – and any difficulties in obtaining funding supporting business at the right time and at conditions that are not unfavourable.

The main factors that determine the liquidity situation are, on the one hand, resources generated or absorbed by business and investments and, on the other, the debt maturity and renewal characteristics or liquidity of financial commitments and market conditions.

The strategy adopted consists in pursuing, as much as possible, financial autonomy in current contracts, combined with limiting indebtedness and maintaining financial equilibrium. On this topic, the Group believes that the generation of cash flows, combined with the diversification of funding resources and the current availability of lines of credit, satisfactorily guarantee the planned funding needs.

• Credit risk

Positions, if singularly significant, for which the objective condition of partial or total insolvency is found are subject to write-down. The amount of the write-down takes into account an estimate of recoverable flows and relevant collection date, future recovery charges and expenses as well as the value of sureties.

FEES PAID TO AUDITING FIRMS

As per legal decree no. 39 dated 27 January 2010, fees recognised to PricewaterhouseCoopers S.p.A. and the network companies are broken down below:

Service type	2018
Itinera S.p.A. **Auditing services - PWC**	
Audit of the financial statements, consolidated and bookkeeping verification and tax declarations subscription	167
Mid-year limited report audit	35
Total	**202**
Italian subsidiaries **Auditing services - PWC**	
Yearly audit and routine accounting procedures	40
Foreign Subsidiaries and Branches - PWC network	
Auditing services	91
Total	**333**

Intra-group transactions and with related parties

Data, of equity and economic nature, concerning transactions during the year with subsidiaries, associated companies, parent companies and companies controlled by the latter, are summarised in the illustrative tables enclosed with this report (see annexes 3 and 4).

These data illustrate, also for the information purposes required by current article 2497 bis, paragraph 5, of the Civil Code, relations with the parent company ASTM S.p.A., who provides "direction and coordination" activities and with other companies subject to this activity.

It should be noted that, in addition to what is reported in Annexes 3 and 4, the following relationships with other related parties are to be highlighted:

- receivables for 184 thousand Euro; dividends payable, ex Interstrade, to be paid for 1.5 million Euro, payables for the sale of Interstrade SpA shares for 5.3 million Euro and sundry revenues for 15 thousand Euro relating mainly to rents;
- relations with the P.C.A S.r.l. insurance broker, through which premiums were paid during the

year to insurance companies for a total of Euro 5,515 thousand.

These transactions have been concluded under normal market conditions.

DISCLOSURE ON THE TRANSPARENCY OF PUBLIC PAYMENTS

Pursuant to article 1 paragraphs 125-129 of law no. 124/2017, subsequently supplemented by the "Security" Law Decree (No. 113/2018) and the "Simplification" Law Decree (No. 135/2018) it should be noted that in the 2018 financial year, "subsidies, contributions, paid assignments and in any case economic advantages of any kind" have been disbursed to Group companies by public administrations. Itinera S.p.A. collected contributions for Euro 150 thousand, relating to amounts pertaining to previous years. As regards the subsidiary Taranto Logistica, it should be noted that in 2018, grants related to the construction of the Taranto Port Platform were collected for Euro 31 million. The following is a breakdown of the contributions received in the year:

Receiving subject	Payer	Description	Amount (€)
Taranto Logistica S.p.A.	Autorità di Sistema Portuale del Mar Ionio - Porto di Taranto	Share of loan charged to the Concession holder	30.980.415
Itinera SpA	Agenzia delle dogane	Carbon tax	149.977

ANNEXES

- Statement no. 1 on changes to associate and joint controlled Shareholding accounts.
- Statement no. 2 on changes to other shareholding accounts
- Statement no. 3 relating to equity transactions with related parties.
- Statement no. 4 relating to economic transactions with related parties.

Tortona, 07 March 2019
For the Board of Directors
The Chairman
Mr. Rosario Fiumara

Shares measured using the Equity method

Statement of change to "SHARES IN EQUITY" accounts (amounts in thousands of Euro)

ANNEX NO. 1

DESCRIPTION	SHAREHOLDINGS %	OPENING BALANCE	PURCHASES INCREASES	CHANGES IN THE PERIOD										CLOSING BALANCE
				SALES DECREASES	CHANGE IN SCOPE		ADJUSTMENTS		CHANGE IN CONSOLIDATION SCOPE		EQUITY ADJUSTMENTS		EXCHANGE EFFECT	
					BOOK COST	WRITE-DOWN RESERVES	BOOK COST	VALUE ADJUSTMENTS	BOOK COST	VALUE ADJUSTMENTS	RESULT	(DIVIDENDS)		
AUTOSTRADA NOGARA MARE ADRIATICO	29,000%	34												34
ASTA S.P.A.	30,000%	2.524									378			2.902
AUREA SCARL	49,850%	5												5
CMC ITINERA JV	49,000%	49												49
CONSORZIO CONSILFER	50,000%	3												3
CONSORZIO COSTRUTTORI TEEM	34,999%	3												3
CONSORZIO FRASSO TELESINO	33,000%	4												4
CO.VA. S.C. A R.L.	40,000%	4												4
D.N.C. CIVITAVECCHIA S.C.A R.L.	25,000%	4												4
EUROPA S.C.A R.L.	50,000%	5												5
FONDO VALLE S.C.A.R.L. in liq.	39,330%	4												4
FORMAZZA S.C.A R.L. in liq.	33,330%	2												2
GSG TUNELING S.R.L. in liq.	33,000%	-												0
I.COM S.R.L	49,000%	5				(5)								0
INTERCONNESSIONE S.C.A.R.L.	49,900%	5												5
FEDERICI STIRLING BATCO LLC	34,300%	15.536									(6.059)		522	9.999
LETIMBRO SCARL	49,000%	49												49
LISSONE S.C.A R.L.	50,000%	5												5
MALCO S.C.A R.L.	50,000%	5												5
MARCHETTI S.C.A R.L.	36,770%	4												4
MILL BASIN BRIDGE CONSTRUCTORS LLC	50,000%	7.514	1.863								(5.655)		236	3.958
MOSE BOCCA DI CHIOGGIA S.C A.RL.	42,500%	5												5
MOSE OPERAE S.C A.RL.	40,220%	2	2											4
MOSE-TREPORTI SCARL	22,540%	4		(2)										2
NICHELINO VILLAGE S.C.A R.L.	50,000%	5												5
PONTE NORD S.R.L.	50,000%	780									(27)			753
S.A.C. s.r.l. consortile (in liq.)	35,000%													
SERRAVALLE VILLAGE S.C.A R.L.	50,000%	5												5
SISTEMI E SERVIZI SCARL	22,000%	22												22
SOCIETA' AUTOVIA PADANA S.P.A.	0,010%	48.993		(48.946)		(164)					117			0
TESSERA S.C. A R.L.	39,24%		4											4
TUNNEL FREJUS SCARL	50,000%	25												25
V.A. BITUMI S.R.L.	0,000%	378		(359)							(19)			0
TOTAL ASSOCIATED COMPANIES		**75.983**	**1.869**	**(49.307)**	**0**	**(164)**	**(5)**	**0**	**0**	**0**	**(11.265)**	**0**	**758**	**17.869**

Other shareholdings

Statement of change to "OTHER SHAREHOLDING" accounts (amounts in thousands of Euro)

ANNEX NO. 2

DESCRIPTION	SHAREHOLDINGS PERCENTAGE	OPENING BALANCE	CHANGES IN THE PERIOD						CLOSING BALANCE
			PURCHASES/INCREASES	SALES/DECREASES	CHANGE IN SCOPE	ADJUSTEMENT	FAIR VALUE ADJUSTMENTS	EXCHANGE EFFECT	
ALTRE									
ABESCA EUROPE S.R.L.	**19,523%**	158							**158**
AEDES S.P.A.						1.897	3		**1.900**
RESTART SIIQ (ex AEDES S.p.A.)	**5,300%**	7.925				(1.897)	(5.742)		**286**
ARGENTEA GESTIONI S.C.P.A.	**14,240%**	17				(17)			**0**
AUTOSTRADA ASTI-CUNEO S.p.A.	**5,000%**	10.000							**10.000**
AUTOSTRADE CENTROPADANE S.p.A.	**1,631%**	1.660							**1.660**
BANCA ALPI MARITTIME CREDITO COOP S.COOP PER AZIONI		10							**10**
EUROIMPIANTI S.P.A.	**5,000%**	298							**298**
CONS COSTR. VENETI SAN MARCO	**10,000%**	15							**15**
DAITA SCARL	**80,000%**	8							**8**
EUROLINK SCPA	**2,000%**	3.000							**3.000**
MN METROPOLITANA NAPOLI SPA	**0,000%**	0							**0**
MN 6 SCARL	**1,000%**	1							**1**
MILANO DEPUR SPA	**0,100%**	2							**2**
PASSANTE DORICO S.P.A.	**11,000%**	2.623							**2.623**
PEDELOMBARDA SCPA	**11,000%**	550							**550**
Si.Co.Gen. S.r.l.	**15,000%**		139						**139**
SOC.AUT. BRONI-MORTARA S.p.A.	**3,220%**	872					(35)		**837**
SOCIETA' DI PROGETTO AUTOVIA PADANA S.p.A.	**0,100%**					164			**164**
SEVESO SCARL	**1,500%**	0							**0**
TANGENZIALE ESTERNA S.P.A.	**0,000%**	(0)							**(0)**
TUBOSIDER S.p.A.	**14,657%**	665							**665**
Consorzio TRA.DE.CI.V.	**0,000%**	0							**0**
VETTABBIA SCARL	**0,100%**	0							**0**
TOTAL OTHER SHAREHOLDINGS		**27.804**	**139**	**0**	**0**	**147**	**(5.774)**	**0**	**22.317**

ANNEX NO. 3

ITINERA GROUP

Summary statement of balances with Group companies as at 31.12.2018 (Values in thousands of Euro)

Description	Financial	Inventory works	Advances	Other receivables	Trade	Total assets	PAYABLES Other payables	Net cost reversals	Trade	Total liabilities
Aurea S.c.a r.l		376		1	7.738	8.115		(5.664)		(5.664)
CMC Itinera JV Scpa					16	16	(6.533)	(11.269)		(17.802)
Consorzio Cancello Frasso Telesino					116	116		(1.809)	(380)	(2.189)
Consorzio Costruttori TEEM		(136)			9.491	9.355	10	(7.304)	454	(6.840)
Consorzio CON.SI.L.FER.									(4)	(4)
Cova Scarl					100	100				
Federici Stirling Batco LLC	8.085					8.085				
G.s.g. Tunneling S.r.l. in liq.	41					41				
Interconnesione S.c.a r.l.	50	6.486	(5.982)		49	603		(547)	(34)	(581)
Letimbro S.c.a.r.l.					7.177	7.177		(20.396)	(7)	(20.403)
Lissone S.c.a.r.l. in liquidazione					54	54		(5)		(5)
Malco S.c.a.r.l.					882	882		(2.746)	(140)	(2.886)
Marchetti S.c.a r.l.								(2)	(3)	(5)
Mill Basin Bridge Constructors					6.235	6.235				
Nichelino Village S.c.a r.l.	1.024					1.024				
Ponte Nord S.p.A.					1.051	1.051	(375)			(375)
Serravalle Village S.c.a. r.l.								38		38
Sistemi e Servizi S.c.a .rl.							(1)		(451)	(452)
Soc.Aut. Nogara Mare Adriatico S.c.p.A.	290			15		305		(14)	(22)	(36)
Tunnel Frejus S.c.a.r.l.	3.000				1.794	4.794		(6.047)	(844)	(6.891)
Total associated companies	**12.490**	**6.726**	**(5.982)**	**16**	**34.703**	**47.953**	**(6.899)**	**(55.765)**	**(1.431)**	**(64.095)**
ASTM S.p.A.					50	50	(172)		(1.449)	(1.621)
AURELIA S.r.l.				484		484				
Total parent companies				**484**	**50**	**534**	**(172)**		**(1.449)**	**(1.621)**
Appia S.r.l.					3.154	3.154			(22)	(22)
Argo Finanziaria S.p.A.					137	137	(176)		(1.612)	(1.788)
Autoservice 24 S.r.l. con socio unico									(1)	(1)
Autostrada Asti-Cuneo S.p.A.		7.710	(3.322)		449	4.837			(12)	(12)
Autostrada dei Fiori S.p.A.		22.144	(17.654)		6.007	10.497	(1.745)		(148)	(1.893)
Autosped G SpA		702			1.265	1.967	(49)		(1.167)	(1.216)
Azeta S.R.L. in liquidazione					152	152				
Baglietto S.p.A.		22.050	(21.460)			590				
Consorzio Sintec									(188)	(188)
Codelfa S.p.A.		87			570	657	(125)		(1.279)	(1.404)
Consorzio R.F.C.C. in liquidazione					13	13				
Compagnia Porto di Civitavecchia S.p.A. in liquid.				3	3					
CTE - Consorzio Tangenziale Engineering							(2.569)			(2.569)
Daita				87		87		(160)		(160)
Darsene Nord Civitavecchia S.c.a r.l.	200			197		397		188	(3.922)	(3.734)
Euroimpianti S.p.A.		50	(50)		949	949	(101)		(8.261)	(8.362)
G&A S.p.A.		3.020	(2.305)			715			(24)	(24)
G&A Schweiz AG									(60)	(60)
Gale S.r.l.									(792)	(792)
Gavio & Torti Casa di Spedizione S.p.A.					1	1				
Impresa Grassetto S.p.A. con socio unico in liq,				486	814	1.300				
I.M.C.O.							(1.020)		(3.559)	(4.579)
Le Rogge Scarl					268	268				
Ponte Meier S.c.a.r.l.					1	1				
Rivalta Terminal Europa S.p.A.					1.187	1.187			(12)	(12)
Restart SIIQ (ex AEDES S.p.A.)										
SATAP S.p.A.		6.516	(5.322)		4.241	5.435			(3)	(3)
S.I.A.S. S.p.A.				164		164				
SINA S.p.A.					323	323	(6)		(1.481)	(1.487)
Sinelec S.p.A.	3	72	(78)		732	729			(4.200)	(4.200)
Sitalfa S.p.A. Bruzolo					134	134	(1)		(9)	(10)
S.A.V. Società Autostrade Valdostane S.p..A.		9.124	(9.104)		461	481			(1)	(1)
S.A.L.T. Soc. Autostrada Ligure Toscana P.A.		20.408	(19.330)		6.146	7.224	(555)		(149)	(704)
Soc. di Progetto Autovia Padana S.p.A.		967	(146)		2.773	3.594				
Terminal San Giorgio S.r.l.					940	940				
Tomato Farm S.c.a r.l.		483			486	969			(49)	(49)
TRA.N.SIDER SpA					1	1			(145)	(145)
Transpe S.p.A.									(46)	(46)
Autostrada Broni Mortara S.p.A.					3	3				
Vetivaria									(265)	(265)
SITAF S.p.A.		70.338	(65.821)	485	26	5.028			(485)	(485)
BRE.BE.MI S.p.A.		25.327	(24.378)		496	1.445			(2)	(2)
Tangenziale Esterna S.p.A.									(6)	(6)
ATIVA S.p.A.		6.250	(5.769)		220	701				
Si.Co.Gen. S.r.l.					12	12				
Sviluppo Cotorossi S.p.A.		22.964	(22.937)		790	817				
Codel.Ma. S.r.l.					1	1				
Mose Bocca di Chioggia Scarl				1	115	116	(9)	(2.887)	(35)	(2.931)
Mose Operae								(401)		(401)
Mose Treporti					110	110	(10)	(1.226)	(109)	(1.345)
Tubosider S.p.A.					12.388	12.388	(95)		(1.671)	(1.766)
Total Other related parties	**203**	**218.212**	**(197.676)**	**1.420**	**45.368**	**67.527**	**(6.461)**	**(4.486)**	**(29.715)**	**(40.662)**
Total	**12.693**	**224.938**	**(203.658)**	**1.920**	**80.121**	**116.014**	**(13.532)**	**(60.251)**	**(32.595)**	**(106.378)**

ANNEX NO. 4

ITINERA GROUP

Summary statement of economic transactions with Group Companies - Financial Year 2018 - Values in thousands of Euro

COMPANY	Cost of production	Cost reversals	Revenues for works	Other revenue	Financial income
ASTM S.p.A.	(652)		2	104	
Total parent companies	**(652)**		**2**	**104**	
Aurea S.c.a r.l		(5.664)	12.481	42	
CMC Itinera JV Scpa		(6.674)	54	769	
Consorzio Cancello Frasso Telesino		(2.454)	86	30	
Consorzio Costruttori TEEM		469	1.355		
Consorzio CON.SI.L.FER.	(4)				
Federici Stirling Batco LLC					153
Interconnesione S.c.a r.l.		(1.525)	(12)	262	
Letimbro S.c.a.r.l.	(2)	(14.328)	1.322	375	
Malco S.c.a.r.l.		(1.385)	22	48	
Marchetti S.c.a r.l.		(2)			
Mill Basin Bridge Constructor			7.227		
Serravalle Village S.c.a. r.l.		38			
Sistemi e Servizi S.c.a .rl.	(252)		17		
Soc.Aut. Nogara Mare Adriatico S.c.p.A.		(14)			
Serravalle Village S.c.a. r.l.		38			
Tunnel Frejus S.c.a.r.l.		(6.151)	513	532	
Total associated companies	**(258)**	**(37.652)**	**23.065**	**2.058**	**153**
Appia S.r.l.	(20)		1.890		
Argo Finanziaria S.p.A.	(350)				
Autoservice 24 S.r.l. con socio unico	(1)		6		
Autostrada Asti-Cuneo S.p.A.	(58)		3.730		
Autostrada dei Fiori S.p.A.	(10)		17.404	39	
Autosped G SpA	(1.229)		2.132		
Baglietto S.p.A.			546		
Consorzio Sintec	(46)				
Codelfa S.p.A.	(391)		716	109	
Compagnia Porto di Civitavecchia S.p.A. in liquidazione				5	
Darsene Nord Civitavecchia S.c.a r.l.		94			
Euroimpianti S.p.A.	(4.762)		427	479	45
G&A S.p.A.	(5)		7		
G&A Schweiz AG	(25)				
Gale S.r.l.	(1.966)				
Impresa Grassetto S.p.A. con socio unico in liq,			50		
Rivalta Terminal Europa S.p.A.	(10)				
SATAP S.p.A.	(13)		27.073		
S.I.A.S. S.p.A.				104	
SINA S.p.A.	(863)		345		
Sinelec S.p.A.	(3.679)		485	438	
Sitalfa S.p.A. Bruzolo	(9)		45		
S.A.V. Società Autostrade Valdostane S.p..A.	(3)		4.399		
S.A.L.T. Soc. Autostrada Ligure Toscana P.A.	(119)		20.311	150	
Soc. di Progetto Autovia Padana S.p.A.	(5)		7.371		
Tomato Farm S.c.a r.l.	(60)		224		
TRA.N.SIDER SpA	(177)				
Transpe S.p.A.	(64)				
Autostrada Broni Mortara S.p.A.					3
Autostrade centro padane S.p.A.					541
SITAF S.p.A.			6.295		
BRE.BE.MI S.p.A.	(2)		2.347		249
Tangenziale Esterna S.p.A.	(4)				
ATIVA S.p.A.			1.626		
Si.Co.Gen. S.r.l.			20	37	
Sviluppo Cotorossi S.p.A.			1.136		
Mose Bocca di Chioggia Scarl		(36)	2		
Mose Treporti		(7)			
Tubosider S.p.A.	(1.054)				639
Total Other related parties	**(14.925)**	**51**	**98.587**	**1.361**	**1.477**
Total	**(15.835)**	**(37.601)**	**121.654**	**3.523**	**1.630**

Report of the board of Auditors on the consolidated financial statements as of 31.12.2018

Dear Shareholders,

The ITINERA GROUP Consolidated financial statements as at 31 December 2018, submitted to your attention, include the Balance Sheet, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes to net equity as well as the relevant explanatory notes with 233,012 Euro/000 in net equity, including the amount of 15,775 Euro/000 corresponding to third party capital and reserves, and positive results for the year for 9,017 Euro/00, including the positive amount of 1,246 Euro/000 attributable to minority shares.
The Consolidated financial statements were prepared based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/2/2005 - according to IFRS international accounting criteria issued by the International Accounting Standard Board (IASB) and approved by the European Commission.
The checks made by PricewaterhouseCoopers SpA, assigned to audit, were conducted to ascertain whether the values posted in the financial statements match the Parent company's accounts, the Subsidiaries' financial statements and relevant information these officially transmitted to the Parent Company.
The auditing firm issued a report without remarks, findings and with the following informative note: *Without changing our opinion, we draw attention to the comments made by the directors in the explanatory notes to the paragraph "Accounting criteria" which illustrates the effects on shareholders' equity at 1 January 2018 resulting from the application of the new international accounting standard IFRS 15 "Revenues from contracts with customers".*
The auditing firm thus confirmed that the consolidated financial statements provide a truthful and correct representation of the Itinera Group equity and financial situation as at 31 December 2018, of the economic results and cash flows for the year closed on that date according to the International Financial Reporting Standards adopted by the European Union.
Specific information on the Group considered alone, as expressed in its economic-financial aspects through the values contained in the consolidated financial statements, is amply provided in the report on operations including Group companies, highlighting, among others, the choices and strategic guidelines followed.
In light of that indicated and the information and opinion issued by the auditing firm without remarks as per law, the Board has nothing to remark on the ITINERA Group's consolidated financial statements as at 31 December 2018.
Tortona, 28 March 2019

The Board of Auditors
Mr. BO Andrea (Chairman)
Mr. TROTTER Massimo (Standing Auditor)
Mr. CODA Roberto (Standing Auditor)

Consolidated financial statement as of 31 december 2018

(Report of the independent auditors)

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

ITINERA GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Itinera SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Itinera SpA and its subsidiaries ("Itinera Group" or the "Group"), which comprise the balance sheet as of 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without modifying our opinion, we draw attention on what the directors outlined in the paragraph "Accounting policies" of the explanatory notes that show the effect on shareholders' equity at 1 January 2018 resulting from the application of the new international accounting standard IFRS 15 "Revenue from contracts with customers".

Basis for Opinion

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 0277852240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Giannotti 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 0102902041 - **Napoli** 80121 Via dei Mille 16 Tel. 0813681181 - **Padova** 35138 Via Vicenza 4 Tel. 0498773481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 0913449737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 0657570251 - **Torino** 10122 Corso Palestro 10 Tel. 0115596771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432225789 - **Varese** 21100 Via Albani 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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

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

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Itinera SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Itinera SpA are responsible for preparing a report on operations of the Itinera Group as of 31 December 2018, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Itinera Group as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Itinera Group as of 31 December 2018 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 28 March 2019

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Financial Statements

Itinera S.p.A. Balance Sheet

(amounts in Euro)	Notes	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
1. Intangible assets	1		
a. goodwill		-	-
b. intangible assets		892.590	3.029.658
c. concessions – non-compensated revertible assets		-	-
Total intangible assets		**892.590**	**3.029.658**
2. Tangible assetsi	2		
a. buildings, plants, machinery and other assets		33.116.120	28.201.012
b. real estate property investments		4.525.476	4.657.929
c. assets under financial lease		1.629.800	2.488.772
Total tangible assets		**39.271.396**	**35.347.713**
3. Non-current financial assets	3		
a. Investments in subsidiaries		78.922.977	61.580.197
b. Investments in jointly controlled and associate companies		13.577.859	72.270.984
c. Other equity investments		18.736.768	24.244.501
d. Other non-current financial assets		33.950.147	18.852.908
Total non-current financial assets		**145.187.750**	**176.948.590**
4. Deferred tax assets	4	7.749.928	7.139.483
Total non-current assets		**193.101.665**	**222.465.444**
Current assets			
5. Inventories and contractual assets	5	200.029.415	140.567.308
6. Trade receivables	6	177.597.533	190.380.295
7. Current tax assets	7	8.046.645	3.687.341
8. Other receivables	8	40.088.795	7.126.642
9. Current financial assets	9		-
Total		**425.762.388**	**341.761.586**
10. Liquid funds and equivalents	10	56.596.297	49.084.268
Subtotal current assets		**482.358.685**	**390.845.854**
11. Discontinued operations/Non-current assets held for sale	11	-	10.931.000
Total current assets		**482.358.685**	**401.776.854**
Total Assets		**675.460.350**	**624.242.298**
NET EQUITY AND LIABILITIES			
Shareholders' equity	**12**		
1. Group shareholders' equity			
a. share capita l		86.836.594	86.836.594
b. retained earnings		130.025.100	148.893.613
Total net equity		**216.861.694**	**235.730.207**
Liabilities			
Non-current liabilities			
3. Contingency and severance reserves		13 8.648.773	10.056.743
4. Other payables and contractual liabilities		14 17.038.250	10.430.516
5. Bank payables	15	21.005.296	40.512.958
7. Other financial payables	16	67.756	328.857
8. Deferred tax liabilities	17		1.274.668
Total non-current liabilities		**46.760.075**	**62.603.742**
Current liabilities			
9. Trade payables	18	145.443.907	90.942.680
10. Other payables and contra ctual liabilities	19	187.620.341	196.807.402
11. Bank payables	20	64.231.433	35.791.950
12. Other financial payables	21	11.686.006	503.270
13. Current tax liabilities	22	2.856.893	1.863.047
Total current liabilities		**411.838.581**	**325.908.349**
Total liabilities		**458.598.656**	**388.512.091**
Total liabilities and net equity		**675.460.350**	**624.242.298**

Itinera S.p.A. Income Statement

(Amounts in Euro)	Notes	2018	2017
Revenues	**23**		
1. revenues from contracts with cus tomers		383.188.156	313.848.963
2. changes in work in progres s, semi-fini shed and finished products		(608.942)	2.016.534
3. other revenue	23.1	12.284.535	10.756.528
Total Revenue		**394.863.750**	**326.622.025**
4. Employee costs	24	(59.026.341)	(49.911.725)
5. Service costs	25	(238.802.604)	(216.411.875)
6. Raw material costs	26	(66.798.355)	(37.105.719)
7. Other costs	27	(12.443.946)	(7.398.181)
8. Amortisation and depreciation	28	(8.994.623)	(8.180.136)
9. Other provisions for ri sks and charges	29	(391.218)	(1.541.540)
EBIT		**8.406.663**	**6.072.849**
10. Financial income:	30.1		-
a. from equity investments		3.824.335	1.384.993
b. other		2.026.566	1.750.831
11. Financial expenses:	30.2		
a. interest payable		(544.104)	(339.951)
b. other		(9.821.301)	(3.797.645)
Profits (Loss) before taxes		**3.892.159**	**5.071.077**
13. Taxes	32		
a. Current taxes		313.637	(2.993.747)
b. Deferred taxes		(3.694.109)	474.497
Profit (loss) for the year		**511.687**	**2.551.827**
Earnings per share	**33**		
Core and diluted earnings (Euro per share)		*0,006*	*0,029*

Itinera S.p.A. Comprehensive Income Statement

(amounts in Euro)	2018	2017
Profit for the year (a)	**511.687**	**2.551.827**
Actuarial profits (loss) on employee benefits (severance)	(55.633)	39.101
Shareholding fa ir value measurement	(5.779.492)	1.388.714
Tax effect on profits (loss) not subsequently reclassified in the Income statement	13.352	(9.384)
Profits (loss) not subsequently reclassified in the Income statement (b)	**(5.821.773)**	**1.418.431**
Cash flow hedge reserves		(3.379.375)
Exchange gain reserves	(252.470)	(248.256)
Tax effect on profits (loss) subsequently reclassified in the Income statement		318.554
Profits (loss) subsequently reclassified in the Income statement when certain conditions are met (c)	**(252.470)**	**(3.309.077)**
Comprehensive economic result (a) + (b) + (c)	**(5.562.556)**	**661.181**

Itinera S.p.A. Cash Flow Statement

(amounts in Euro)	2018	2017
Liquid funds and equivalents starting balance	**49.084.268**	**36.305.000**
Extraordinary transactions [1]		380.992
"Adjusted " liquid funds and equivalents starting balance (a)	**49.465.260**	**36.305.000**
Profits (loss)	511.687	2.551.827
Adjustments		
Amortisation	8.649.845	8.080.136
Severance reserves adjustment	265.000	120.342
Provisions for risks	1.053.122	2.241.547
Gains on the disposal of assets	(709.483)	(984.142)
Financial asset (adjustments) writedowns	9.425.312	598.600
Operating Cash Flow (I)	**19.195.483**	**12.608.310**
Net variation in deferred tax assets and liabilities	3.694.108	(474.497)
Change in net working capital	(22.419.571)	(5.780.069)
Other general operating activities changes	(2.028.434)	(4.171.577)
NWC variation and other variations (II)	**(20.753.896)**	**(10.426.143)**
Liquidity generated (absorbed) by operating activities (I+II) (b)	**(1.558.412)**	**2.182.167**
Investments in buildings, plants, machinery and other assets	(5.945.563)	(5.604.452)
Investments in intangible assets	(81.018)	(6.392)
Net alienations of buildings, plants, machinery and other assets	1.343.284	2.577.036
Net investments in tangible and intangible assets (III)	**(4.683.296)**	**(3.033.808)**
Investments in non-current financial assets	(9.501.305)	(71.203.566)
Non-current financial asset disposals	12.897.224	57.361.399
Net investments in non-current financial assets (IV)	**3.395.919**	**(13.842.167)**
Interstrade S.p.A. acquisition (V)		**(4.448.333)**
Liquidity generated (absorbed) by investments (III+IV+V) (c)	**(5.735.710)**	**(16.875.975)**
New medium/Long-term loans	-	40.000.000
Medium/Long-term loans (reimbursements)	(29.483.042)	(11.579.850)
Change in other financial payables	43.908.202	(947.160)
Change in current financial assets	-	
Variation in third party net equity	-	-
Variation in Group net equity	-	-
Liquidity generated (absorbed) by financial activities (d)	**14.425.160**	**27.472.990**
Liquid funds and equivalent closing balance (a+b+c+d)	**56.596.298**	**49.084.182**
Taxes paid in the year	3.554.594	48.819
Financial charges paid in the year	544.104	(218.662)
Collected dividends	779.335	60.000

(1) Extraordinary transactions refer to the merger with Interstrade and the business division sale to SAM

Statement of changes in shareholders' equity

Amounts in Euro	Share capital	Share premium reserve	Legal reserve	Merger losses	Cancellation gains	Compensation gains	Cash flow hedge reserve	"Fair Value" revalutation reserves	Extraordinary reserve	Exchange gain reserves	Severance actualisation reserves	FTA reserve	Retained earning (loss)	Profit (loss) for the year	Shareholders' equity
31 December 2016	**86.836.594**	**26.901.280**	**5.082.881**		**58.285**	**9.970.627**			**92.974.736**	**17.622**		**3.006.079**		**10.220.922**	**235.069.026**
Allocation of 2016 results			551.046						9.439.850	230.026				**(10.220.922)**	**(0)**
Change in scope of consolidation														-	
Other changes															-
Result for the period							(3.060.821)	1.388.714		(248.256)	29.717			**2.551.827**	**661.181**
31 December 2017	**86.836.594**	**26.901.280**	**5.633.927**	**-**	**58.285**	**9.970.627**	**(3.060.821)**	**1.388.714**	**102.414.586**	**(608)**	**29.717**	**3.006.079**	**-**	**2.551.827**	**235.730.207**
Allocation of 2017 results			140.819						2.675.554				(264.545)	(2.551.827)	**0**
Change in scope of consolidation														-	
IFRS 15 effect													(11.108.463)		**(11.108.463)**
Other changes				(2.228.879)					230.026	(230.026)			31.385		**(2.197.494)**
Result for the period								(5.779.492)		(252.470)	(42.281)			**511.687**	**(5.562.556)**
31 December 2018	**86.836.594**	**26.901.280**	**5.774.746**	**(2.228.879)**	**58.285**	**9.970.627**	**(3.060.821)**	**(4.390.778)**	**105.320.166**	**(483.104)**	**(12.564)**	**3.006.079**	**(11.341.623)**	**511.687**	**216.861.694**


Media

Explanatory notes

Significant events 2018

Incorporation of Interstrade S.p.A. into Itinera S.p.A.

The balance sheet and income statement figures as at 31 December 2018 reflect the effects of the merger by incorporation of INTERSTRADE S.p.A. into ITINERA S.p.A., pursuant to and for the purposes of Civil Code article 2501 and subsequent articles.
During the year Itinera S.p.A. acquired the shareholdings representing the entire share capital of Interstrade S.p.A., a company specialised in the construction and routine maintenance of motorway and road sections: the amount of the transaction is equal to 15.7 million Euro; the acquisition was preparatory to a subsequent merger between the two companies, consisting of the merger by simplified incorporation of Interstrade into Itinera, pursuant to and for the purposes of articles 2501 and subsequent of the Civil Code, in particular integrating the case envisaged by art. 2505 ("Incorporation of wholly owned companies").
The operation represents an interesting growth opportunity for Itinera, since, specifically, it will enable it to implement, in terms of human resources, operational means and assets, its own business unit dedicated to motorway works, concentrating within this the entire maintenance activity that is carried out on behalf of the ASTM Group's motorway concession holders in compliance with the applicable legislation relating to public works (procurement code).
The merger deed was signed on 9 November 2018 in execution of the resolutions of the extraordinary shareholders' meetings of the two companies held on 17 July 2018.
The legal effects of the merger took effect as of last 1st December when the surviving company fully took over all the assets and liabilities of the absorbed company and in all its names, rights, actions, obligations, commitments and liabilities.
In application of the combined provisions of Italian Civil Code's articles 2504-bis, paragraph 3 and 2501-ter, paragraph 1, no.6), the absorbed company's operations were posted in the surviving company's financial statements as of 4 July 2018, date when Itinera S.p.A. acquired all Interstrade S.p.A. shareholdings; retroactive effect also applied to tax effects, as per art. 172, paragraph 9 of the Consolidation Act (Presidential Decree 917/86).
The explanatory notes and Annexes provide evidence, for the most significant items, of the effects inherent in the extraordinary operation.

S.A.M. S.p.A. share capital increase via business division transfer by Itinera S.p.A.

On 23 October 2018, S.A.M. Società Attività Marittime S.p.A. was established through the subscription by Itinera S.p.A. of the entire share capital composed of no. 50,000 shares of Euro 1.00 each. On 29 October 2018, the extraordinary shareholders' meeting of SAM S.p.A. resolved a capital increase to be carried out by contribution in kind effective on 31 December 2018, upon the occurrence of two previous conditions that have been fulfilled.
On 31 December 2018, Itinera S.p.A. proceeded to subscribe an increase in the share capital of SAM Spa from 50,000 to 500,000 Euro, with 64,850 Euro of the share premium reserve, through the transfer of the "maritime" business division. The operation will allow, on the one hand, to improve the efficiency of the management of the corporate division through its inclusion within a custom corporate structure (that of the transferee) as well as, on the other hand, to focus Itinera's means and resources on its core business, with full dedication of the reference company structures and greater operational agility.
The explanatory notes and Annexes provide evidence, for the most significant items, of the effects inherent in the extraordinary operation.

Accounting policies

General information

Itinera S.p.A. prepares the financial statements for 2018 that are submitted for legal audit to PricewaterhouseCoopers S.p.A..

Preparation criteria and content of the Separate financial statements

Starting from the 2018 financial year, Itinera S.p.A. prepares its financial statements in compliance with IAS/IFRS international accounting standards.

Therefore, the financial statements were prepared – based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/02/2005 – according to **IFRS international accounting criteria** issued by the International Accounting Standard Board (IASB) and approved by the European Commission. IFRS also means all the reviewed international accounting criteria ("IAS"), all the International Financial Reporting Interpretations Committee interpretations ("IFRIC"), previously called Standing Interpretations Committee ("SIC"). The comparative figures referring to the previous year also comply with the aforementioned accounting standards.

In this regard, please refer to the Appendix of these Explanatory Notes for the evidence of the effects of the FTA (First Time Adoption).

The separate financial statements for the 2018 financial year have been prepared on a going concern basis as there is a reasonable expectation that Itinera will continue its operations in the foreseeable future and in any case over a time frame of more than 12 months.

The financial statements consist of the balance sheet, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes in equity and these explanatory notes, applying the provisions of IAS 1 "Presentation of financial statements" and the general criterion of historical cost, except for items in the financial statements that, in accordance with IFRS, are measured at fair value as indicated below in the accounting criteria.

The Balance sheet is presented based on the layout that divides current and non-current assets and liabilities, while costs are presented in the Income Statement using the classification based on their nature. The cash flow statement is presented using the indirect method.

The tables are shown in Euro while the tables in the explanatory notes are expressed in thousands of Euro, unless otherwise specified.

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Accounting policies

As announced in the previous paragraph, the Company, starting from 1 January 2018, draws up financial statements based on international accounting standards. These criteria are similar to those used for the preparation of the consolidated financial statements at 31 December 2017 as indicated by IFRS 1 as reported in the Appendix.

Accounting policies

It should be noted that the following two new international accounting standards were adopted during the period, applicable from 1 January 2018:

• **IFRS 15 "Revenues from contracts with customers"** which replaces the principles governing the recognition of revenues, that is, IAS 18 - Revenues, IAS 11 - Contract work in progress and related interpretations. The new standard introduces an overall reference framework for the recognition and measurement of revenues aimed at faithfully representing the process of transferring goods and services to customers for an amount that reflects the consideration that is expected to be obtained in exchange for goods and services provided. In particular, while IAS 18 provided for separate criteria for the recognition of revenues for goods and services, this distinction was removed from IFRS 15. The new principle focuses instead on the identification of the so-called "Obligation to do" to which the related

revenue recognition criterion is combined and provides for an accounting model based on five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations therein; (iii) determination of the transaction price; (iv) allocation of the price to the various contractual performance obligations and (v) recognition of the revenue when the relative performance obligation is satisfied. In parallel with the development of the fivephase model, IFRS 15 deals with some topics, such as contractual costs and contractual changes.

Itinera S.p.A. (hereinafter also the company) has applied the provisions of IFRS 15, described below, to measure and recognise revenues. In order to record revenues, IFRS 15 requires the identification of the contract with the customer and of the performance obligations set out in the contract. In the case of the company, the contract with the customer is identified and assessed on the basis of IFRS 15 following the binding signature of the contract that determines the rise of reciprocal obligations between the company and the customer, while the performance obligation it is generally represented by the work as a whole. In fact, in some contracts, despite the fact that the individual performance obligations envisaged may be distinct by nature, in the context of the contract they are characterised by strong interdependence and integration aimed at transferring the infrastructure as a whole to the customer. Revenues are recognised when (or as) the performance obligation is fulfilled by transferring the promised good or service to the customer. The asset is transferred when the customer acquires control. Contracts with customers typically signed by the company, relating to the realisation of long-term jobs, provide for obligations fulfilled over time based on the gradual progress of the activities and the temporal transfer of control of the work to the customer. IFRS 15 provides for two alternative methods of recording revenues over-time, the output-based method and the input-based method. With the first method, revenues are recognised on the basis of direct assessment of the value of the goods or services transferred up to the considered date (for example physical progress, contractual milestones, number of units delivered, etc.). With the input-based method, on the other hand, revenues are recognised on the basis of the resources used by the company to fulfil the contractual performance obligation (for example, the resources consumed, the dedicated hours of work, the costs incurred, the time elapsed or the machine hours used) compared to the total of the estimated inputs. In conjunction with the application of the new accounting standard IFRS 15, Itinera considered that for its sector, consistent with the method commonly followed internationally in the construction sector and considering the internationalisation process in progress in the context of the Group, the "input" method (so-called "cost to cost") is better representative of measuring the progress of a performance obligation over time towards the customer than the "output" method (also called "SAL"). Therefore, the Company has made a modification of the accounting criterion (assessment according to the percentage completion method of the orders) applicable to both infra-annual and multi-year contracts, passing from an evaluation according to the "output" method (SAL) to an evaluation according to the "input" method ("cost to cost").

The application of this method led to an effect on shareholders' equity at 1 January 2018, net of the tax effect, of Euro - 10.2 million.

Given the engineering and operational complexity, the size and multi-year duration of construction of the works, the contractual fees, in addition to the basic fee established in the contract, include additional fees that cover elements that must be taken into account. In particular, the fees deriving from reserves represent additional fees required for higher charges incurred (and/or to be incurred) due to causes or events that cannot be foreseen and attributable to the customer, to addition work performed (and/or to be performed) or to work variations not formalised in additional deeds. The Company adjusts the transaction price due to the additional fees deriving from reserves to the customer if it is "highly probable" that the related revenues will not be written off in the future.

IFRS 15 does not explicitly regulate the accounting

recognition of loss-bearing contracts, but refers to the accounting criteria defined by IAS 37, which governs the measurement and classification methodology (previously laid down by IAS 11) of onerous contracts. A contract is onerous when non-discretionary costs exceed the expected economic benefits. In such circumstances, any expected loss is allocated by the company to a specific fund when this loss is probable based on the latest estimates made.

With regard to contractual costs, IFRS 15 distinguishes "incremental costs for obtaining the contract" and "costs for the fulfilment of the contract". The incremental costs to obtain a contract are those costs that a company sustains to obtain a contract with a customer. The Company recognises the incremental costs arising from obtaining a contract as an asset if it expects to recover these costs through the future economic benefits of the contract. The costs for obtaining a contract that would have been incurred regardless of whether the contract was obtained are recognised as a cost when incurred (costs not explicitly attributable to the customer). The costs for the fulfilment of the contract in the sector where the company operates are represented by pre-operational costs, which in some contractual cases are explicitly recognised by the customer through specific items in the contract, while in other cases they do not find explicit recognition and are remunerated through the overall contract margin.

In addition to what is specified above, the new provisions introduced by IFRS 15 define all those costs which, due to their nature, cannot contribute to contractual progress since, although they are specifically referable to the contract and are considered recoverable, do not contribute to generating or improve the resources that will be used to satisfy the contractual performance obligation, nor contribute to the transfer of control of the goods and/or services to the customer; in this context, providing for the new, more stringent accounting criteria, the Company has identified that for some pre-operational costs, previously recognised as under the previous standard under construction contracts in progress, the capitalisation requirements required by the new standard no longer existed and, therefore, during the transition to the new standard, they were reversed with effects on the Shareholders' Equity at 1 January 2018 for an amount equal to Euro - 0.9 million net of the tax effect.

The following is a summary of the main impacts of the application of the new principle.

Amounts in Euro	**31/12/2017**	**IFRS 15 impacts**	**01/01/2018 Restated**
Intangible assets	3.030		3.030
Tangible assets	35.348		35.348
Non-current financial assets	176.949		176.949
Deferred tax assets	7.139	.200	11.339
Current assets	390.846	(16.549)	374.297
Discontinued operations/Non-current assets held for sale	10.931		10.931
Total assets	**624.242**	**(12.349)**	**611.893**
Shareholders' equity	235.730	(11.108)	224.622
Contingency and severance reserves	10.057	(1.241)	8.816
Total non-current liabilities	52.547		52.547
Total current liabilities	325.908		325.908
Total liabilities and net equity	**624.242**	**(12.349)**	**611.893**

• **IFRS 9 "Financial instruments"** which replaced IAS 39, with effect from the financial years beginning 1 January 2018, introducing significant changes with regard to the classification and measurement of financial instruments, to the acquisition and accounting of hedging transactions..

Classification and measurement
Financial assets
IIn summary, IFRS 9 identifies the following three categories of financial assets: 1) financial assets measured at amortised cost ("AC"); 2) financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement ("FVOCI"); 3) financial assets measured at fair value with changes in fair value recognised in the income statement ("FVPL").
Their classification is the result of an evaluation that depends on both of the following aspects: a) from the business model adopted in the management of financial assets (hold to collect, hold to collect and sell), and b) from the characteristics of the contractual cash flows from these generated, consisting of capital (Principal) and interest (Interest).

In summary, IFRS 9 leads to the following categories of financial assets:
- Financial assets valued at amortised cost (AC): these assets are part of a hold to collect business model and generate contractual cash flows that have Principal and Interest nature.
- Financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement (FVOCI): these assets fall within a hold to collect and sell business model and generate contractual cash flows that have Principal and Interest nature.
- Financial assets measured at fair value with changes in fair value recognised in the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value recognised in the comprehensive income statement.
- Minority interests: IFRS 9 provides for the possibility, at the time of initial recognition, to make an irrevocable choice to present FVOCI with subsequent changes in the fair value of an investment in an equity instrument that is not held for trading and is not a contingent consideration arising in the context of a business combination. In the context of this option, contrary to what generally happens in the FVOCI category: 1) the profits and losses recorded in the comprehensive income statement are not subsequently transferred to the income statement (case in point sometimes referred to as "recycling"), although the accumulated profit or loss can be transferred within shareholders' equity; 2) equity instruments categorised as FVOCI under this option are not subject to impairment accounting; 3) dividends are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost. The evaluation cost of a minority share is allowed in limited cases where the cost represents a reasonable estimate of fair value.
  The Company, in accordance with the new provisions of IFRS 9, has defined its business models for financial assets (other than trade receivables from customers) based on the logic of the use of liquidity and financial instrument management techniques.

On the financial assets side, the main impacts deriving from the application of IFRS 9 are described below:
- The minority shareholdings, previously categorised as "assets available for sale" pursuant to IAS 39 (as such assessed as FVOCI with recycling), have been designated, under the irrevocable option set out in IFRS 9, as financial assets to be assessed as FVOCI without recycling. This option did not have an impact as at 1 January 2018.

The Company, considering the insignificance of the impacts deriving from the application of the new standard, opted for the simplified retrospective approach envisaged by IFRS 9, which does not involve the reclassification of the comparative balances.

Classification and measurement
Financial liabilities
With regard to the classification and measurement of financial liabilities, IFRS 9 reiterates the accounting recognition required by IAS 39, making limited changes, so most of them are still assessed at amortised cost. In more detail, IFRS 9 classifies financial liabilities in two categories:

1) financial liabilities measured at amortised cost using the effective interest rate method ("AC");
2) financial liabilities measured at fair value with changes in fair value recognised in the income statement ("FVPL"), in turn classified in the two sub-categories Held for Trading and FVPL at inception.

IFRS 9 prohibits the reclassification within financial liabilities.
The adoption of the new standard has not had any impact with respect to the classification and assessment of the Company's financial liabilities.

Impairment
The new requirements for impairment set forth in IFRS 9, applicable to all financial instruments except those of the FVPL type, are based on an expected loss model ("Expected Credit Loss", "ECL") and replace the loss incurred model pursuant to IAS 39 ("Incurred Credit Loss"), which demonstrated evident limits associated with the deferral of the recognition of losses on receivables at the time of evidence of the occurrence of a trigger event. In summary, the model envisaged by IFRS 9 provides for 1) the application of a single framework to all financial assets, 2) the recording of expected losses at any time and the update of the amount thereof at each accounting period, in order to reflect changes in the credit risk of the financial instrument, 3) the assessment of expected losses based on reasonable information, available without excessive costs, including historical, current and forecast information. It should be noted that the introduction of the new methodologies for estimating losses due to the reduction in the value of financial assets did not have a significant impact on the current assessment processes. This conclusion derives from the fact that the factors useful for the classification of the credit risk currently used with IAS 39, such as customer risk, country risk and the assessments of the relevant macroeconomic information, are already considered representative of an assessment method based on the expected risk.

Hedge Accounting
With regard to hedge accounting, it should be noted that the new rules introduced by IFRS 9 for the accounting recognition of hedging assets did not introduce significant substantial elements but provided for a greater connection between the substance of the risk management operations and their accounting.
The new model has made the application of hedge accounting easier, allowing companies to apply hedging operations on a larger scale. The ASTM Group, of which Itinera is a member, established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9. Given that IFRS 9 does not change the general principle on the basis of which a company accounts for effective hedging relationships, the application of the requirements set forth by IFRS 9 for the purpose of defining hedges did not have an impact on the financial statements.

Intangible assets
Intangible assets
"Other intangible assets", posted at cost, are systematically depreciated based on a period in which it is assumed the assets will be used by the company.
They are posted at purchase or production cost including accessory costs and are systematically depreciated for the period of their foreseen future working life.
In particular, software costs (posted under Balance sheet asset item "Industrial patents and intellectual property rights") refer to costs for the purchase of basic software and licenses and are directly depreciated with an annual rate of 33.33% and 20% respectively. This latter rate is applied to intangible assets acquired with the incorporation of Interstrade, which are then depreciated until

null. This depreciation is deemed consistent with the intensity of use and program working life.
If events occur that lead to the presumption of a loss in intangible asset value, the difference between the book value and relevant "recovery value" is posted in the Income statement.

Tangible assets
Assets are posted at purchase or production cost (including directly attributable accessory costs) and include the relevant directly attributable financial charges necessary to make the assets available for use.
Depreciation rates used to systematically divide the depreciable value of tangible assets based on the working lives are the following:

Category	Rate
Land	not depreciated
Civil and industrial buildings	3%
General plants	10%
Specific plants	15%
Temporary construction	12.5%
Various equipment	40%
Metallic formworks	25%
Mechanical excavators and shovels	20%
Transport vehicles	20%
Office furniture and machines	12%
Electric/electronic office machines	20%
Cars, vehicles, etc.	25%

Rates for new investments during the year were reduced by 50% since it is believed that this is a reasonable approximation of the average share of possession and thus of their participation in the production process.
With reference to non civil buildings, the land item was separated from buildings; in lack of a value for land in purchase contracts, this value was calculated as set by law no. 286 dated 24 November 2006.
Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Real estate property investments
The real estate investment is a property (land or building – or part of a building – or both) owned (by the owner or renter through a financial lease contract) in order to attain rental fees or to appreciate the invested capital or for both reasons, or even for: (a) use in the production or supply of goods or services or in company administration; or (b) sale, in normal business activities.

Leased assets
Financial leasing contracts
Assets purchased with a financial lease operation are posted in the Balance sheet under assets at their "fair value" or, if inferior, at the current value of the fees due for their purchase, determined using the implicit leasing interest rate, offset, under liabilities, by a financial payable to the lessee. Any direct costs sustained to define the lease contract (i.e.: negotiation costs and financial lease operation costs) are posted to increase the value of the asset. Leased assets are systematically depreciated using the depreciation criteria used for owned assets of the same type. Should there not be reasonable certainty that the asset will be purchased at the end of the lease, it is fully depreciated in the lease contract duration or its working life, whichever is shorter. Leasing instalments are divided between reimbursed capital and financial charges posted by accrual in the Income statement.
Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Leased assets
Operating lease contracts
Operating lease payments are recognised in the income statement on a straight-line basis over the duration of the underlying contract.

Equity investments in subsidiaries, jointly controlled and associate companies
Equity investments in subsidiaries, jointly controlled and associate companies are measured according to the "cost" criterion. If there are signs of loss of value by means of suitable evaluation tests, the posted value is aligned. The original value is

reinstated in subsequent accounting periods, if the reasons for the adjustments made cease to exist.

TARANTO LOGISTICA S.p.A.

Regarding this share (95% shareholding) the value posted is higher, by 1,897 thousand Euro, than the pro rata net equity as at 31 December 2018; the loss posted in 2018, in line with those in previous years, is due to overhead and other non capitalised costs. This situation is expected to continue until the year in which the subsidiary earns its initial income.

The Company, which holds a Concession granted by the Port Authority of the Port of Taranto (Autorità di Sistema Portuale del Mar Ionio – Porto di Taranto), is concerned with the design and construction of the Port of Taranto Infrastructure Gateway - Logistical Base integrated with the intermodal transportation system of the Adriatic Corridor, and management of the Logistics Platform.

Despite the commitment made by the Company, there are still some impediments, not dependent on the work of the assignor, which did not allow the completion of all the works on the Strada dei Moli by the 19 June 2017 deadline granted by the Granting Authority. Following this, the Port System Authority of the Ionian Sea (Autorità di Sistema Portuale del Mar Ionio), taking note of the critical issues still in place, with the letter prot. no. 16554 of 14 November 2017, has ordered the completion of the residual works still impeded, within the term "of completion of the works pursuant to the Concession contract" (scheduled for 30 November 2018) and for which the Grantor on 25 September 2018 has granted an extension for the completion of the works until 01 April 2020.

On the overall state of progress on the Concession, there is still a negative alteration of all the principal indicators of profitability of the investment, and, despite the subsidiary's uninterrupted commercial promotion, difficulty identifying market players interested in using the Logistics Platform under sustainable technical and economic conditions.

In consideration of this and consequently to what is represented by the investee company with note prot. no. 6738 of 04 August 2016, the discussion started with the Grantor continues in order to provide the most complete support in the analysis of the aforementioned problems put forward by the assignor.

ASTA S.p.A.

The book value is higher, for Euro 217 thousand, than the pro-rata net equity as at 31 December 2017, the latest available. The reorganisation plan put in place by the Aurelia Group, which fully controls the subsidiary, involved focusing the same in operational areas representing the Group's core business (highway concessions and constructions in particular) and the divestment in those carried out in other non-strategic areas, and plans the departure from the business sectors in which ASTA subsidiaries operate (energy, photovoltaic, local transport, water service, etc.). The forecasts on the disposal of investments held, on the basis of the negotiations now in place, suggest that investments in the subsidiary will be recovered.

FEDERICI STIRLING BATCO LLC

The carrying value of the investment in Federici Stirling Batco LLC was subject to "impairment" test based on the 2019-2023 financial plan approved by the subsidiary's board of directors on 12 February 2019. The "value in use" was determined by discounting the future cash flows ("Discounted Cash Flows") obtained from the above plan and the "Terminal Value", determined based on the last year of the plan assuming a "g rate" equal to 3.2%, and a 14.43% WACC. With regard to the "value in use" estimation, a sensitivity analysis of the results was also carried out by varying both the components of the flows and the WACC used. The recoverable value thus determined was lower than the book value, giving rise to the need for an adjustment that the Company made.

Joint control agreements

Companies or enterprises in which the company exercises joint control based on the shareholding or specific contractual provisions, based on the

definition of IFRS 11, are consolidated line by line based on the share of ownership, if they are Joint Operations.

Financial assets

Consistent with the provisions of IFRS 9, financial assets are classified in the following three categories:

- Financial assets valued at amortised cost (AC) using the effective interest method: these assets are part of a hold to collect business model and generate contractual cash flows that have Principal and Interest nature. This category includes financial assets other than derivatives such as loans and receivables with fixed or determinable payments that are not listed on an active market. Discounting is omitted when the effect is irrelevant. Interest-bearing loans granted are included.

- Financial assets measured at fair value with changes in fair value recognised in the comprehensive income statement (FVOCI): these assets fall within a hold to collect and sell business model and generate contractual cash flows that have Principal and Interest nature. This category also includes minority interests, as irrevocably designated pursuant to IFRS 9, other than equity instruments that are not held for trading and are not a contingent consideration arising in the context of a business combination. For the latter, contrary to what generally happens in the category of financial assets in FVOCI, the profits and losses recognised in the comprehensive income statement are not subsequently transferred to the income statement, although the accumulated profit or loss can be transferred within shareholders' equity; furthermore, these minority interests are not subject to impairment accounting. Dividends from these are in any case recorded in the income statement, unless they clearly represent a recovery of part of the cost of the investment.

- Financial assets measured at fair value with changes in fair value recognised in the income statement (FVPL): this category is residual and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value recognised in the comprehensive income statement. Financial assets without an interest component, including investments in investment funds, fall into this category.

Non-current assets held for sale/discontinued operations

"Non-current assets held for sale or disposal groups" the book value of which will be recovered mainly through sale rather than through their continuous use are classified as held for sale and are shown separately from other assets and liabilities in the balance sheet. The corresponding balance sheet values of the previous year are not reclassified in the balance sheet, but are indicated where they are significant in the comment on the individual items in the explanatory notes.
A Discontinued Operation represents a part of the entity that has been disposed of or classified as held for sale, and:

- represents an important business unit or geographical business area;
- it is part of a coordinated plan for the disposal of an important business unit or geographical business area;
- is a subsidiary acquired exclusively for the purpose of being resold.

The results of discontinued operations – whether disposed of or classified as held for sale – are shown separately in the income statement, net of tax effects.
The corresponding values for the previous year, if any, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes. Non-current assets held for sale or disposal groups classified as held for sale are first recognised in accordance with the specific reference IFRS applicable to each asset and liability and subsequently recognised at the lower of the book value and the related fair value, net of sales costs.
Any subsequent impairment losses are recognised directly as an adjustment to non-current assets or disposal groups classified as held for sale with

a balancing entry in the comprehensive income statement.
On the other hand, a reversal is recognised for each subsequent increase in the fair value of an asset net of sales costs, but only up to the amount of the impairment loss previously recognised.

Inventories and contractual assets
Raw, ancillary and consumable materials and semi-finished, finished products and goods
Inventories are measured at the lower of purchase or production cost, determined according to the method of the average weighted cost of the period, and the net realizable value.

Work in progress on order/Contractual assets
These are measured, based on agreed fees, according to construction progress at the date of reference of the accounting situation, according to the "percent completion" method. Advances paid by purchasers are detracted from the value of inventories within the limit of the fees accrued; the excess part is posted under liabilities. Any expected losses are posted in the Income statement. On 1 January 2018, following the entry into force of standard IFRS 15, for the purpose of calculating production data and in order to comply with the principle of satisfying the performance obligation with customers over time, the company considered the most appropriate method of progress on contracts to be the inputs method and in particular the so-called cost to cost method determined through the ratio between costs incurred and total costs. Aside from being guided by the adoption of the new standard, this choice was also prompted by the progressive amendment of the business of the Company and its resulting internationalisation. The application of the cost to cost method resulted in the recording of a negative impact in terms of works inventories as at 01.01.2018, the impact of which was charged to the shareholders' equity.
Requests for additional fees due to changes to contract work and other claims due, for example, for higher charges sustained for reasons attributable to the purchaser, are posted in the financial statements for the entire contract fee amount when and to the extent of high probability the counter-party accepts them.

Liquid funds and equivalents
Liquid funds include cash on hand, including cheques and bank deposits payable on sight. Equivalents are represented by financial investments maturing by or before a three-month period (from purchase date), readily convertible in liquid funds and with a negligible risk of change to their value.
Cash and cash equivalents are recorded, according to their nature, at face value or the amortised cost.

Financial liabilities
Financial liabilities include loans, bonds, trade payables, other payables and derivative financial instruments.
They are posted, when granted, at fair value net of any attributable costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method with the exception of derivative financial instruments (other than derivative financial instruments designated as effective hedging instruments) and financial liabilities designated to FVPL, which are accounted for at fair value with changes in fair value recognised in the income statement.

Provisions for risks and charges
Provisions for risks and charges concern costs and charges of a given type and of certain or probable existence, which at year end are undetermined in terms of amount or due date. Allocations are recognized when: (i) there is a current, legal or implicit obligation which originates from a past event; (ii) it is probable that fulfilment of the obligation will be onerous; (iii) the amount of the obligation can be estimated reliably.
Allocated provisions represent the best estimate of the amount necessary to meet the obligation or to transfer it to third parties on the closing date of the reference period. Should the financial effect be significant in time and the obligation payment dates be reliably estimated, provisions

are actualised. The Explanatory Notes also illustrate any potential liabilities represented by: (i) possible (but not probable) obligations, due to past events, the existence of which will only be confirmed if and when one or more uncertain future events are fully under the control of the Company; (ii) current obligations due to past events, the amounts of which cannot be reliably estimated or whose occurrence is probably not burdensome.

Employee benefits (Severance)
Employee Severance Indemnity ("TFR") is defined as a defined benefit plan, valued using actuarial techniques using the "projected unit credit method". It should be noted that from 1 January 2007 this liability refers exclusively to the portion of TFR, accrued up to 31 December 2006, which following the supplementary pension reform (Legislative Decree 5 December 2005, no. 252) continues to constitute an obligation of the company. Following the entry into force of the aforementioned reform by Law of 27 December 2006, no. 296 (2007 Budget Law), the liability, since it refers to a service that has now fully matured, was recalculated without applying the pro-rata of the service provided and without considering, in the actuarial statement, the component relating to future salary increases. The recognition of changes in actuarial gains/losses is recognised among the other components of the Comprehensive Income Statement. The cost of labour as well as interest expense relating to the "time value" component in the actuarial calculations remain recorded in the income statement. The portion of severance indemnity paid to supplementary pension funds and to the INPS Treasury fund is considered a defined contribution fund since the company's obligation to the employee ceases with the payment of the maturing amounts to the pension funds.

Revenues
Revenues represent the gross flows of economic benefits for the year deriving from the performance of ordinary activities.
Revenues are recognised at a given time (point in time) or ovr time (over time), when the company meets the performance obligations by transferring the goods and services to its customers; the process underlying the recognition of revenues follows the five phases required by IFRS 15: (i) identification of the contract with the customer; (ii) identification of the performance obligations therein; (iii) determination of the transaction price; (iv) allocation of the price to the various contractual performance obligations and (v) recognition of the revenue when the relative performance obligation is satisfied. In particular:

Sales revenue
With reference to the sale of assets, the Company records the revenue when it transfers control of the asset to its customer; this moment generally coincides with the obtaining of the right to payment by the Company and with the transfer of the material possession of the property, which incorporates the transfer of the risks and significant benefits of the property.

Service revenue
Service revenue is posted based on the accrued fee.

Contract revenue
The recognition of revenues related to contract work in progress is carried out using the percentage of completion criteria. The percentage of completion is determined using the cost-to-cost method, calculated by applying to the expected total revenue the percentage of progress, which is taken as a ratio between costs incurred and total estimated costs.

Financial income
Interest income is calculated on the value of the related financial assets using the effective interest rate.

Dividends
Dividends paid by non consolidated companies are posted when the right to receive payment is set, corresponding to the distribution resolution by the subsidiary's Shareholders' Assembly.
Any dividend advances are posted when distri-

bution is resolved by the subsidiary's Board of Directors.

Grants
Grants are posted when reasonable certainty exists that they will be received and all the related distribution conditions are satisfied. Working grants are posted as income and systematically divided over the various years to compensate associated costs.

Financial expenses
Financial expenses are posted – by accrual – as costs in the year in which they are sustained except for those that are directly attributable to the construction of reversible assets and other assets that are, therefore, capitalised as an integral part of production cost. Financial charge capitalisation begins when work is in progress to prepare the asset for its use and is interrupted when these assets are substantially completed.

Income taxes
Current and deferred taxes are posted in the Income statement if not associated with operations directly posted in net equity.
Income taxes are posted based on an estimate of taxable income and in compliance with the provisions of tax laws.
"Deferred tax liabilities" and "Deferred tax assets" are calculated – according to IAS 12 – on the time differences between the value recognised for tax purposes on an asset or liability and its book value in the Balance Sheet, should it be probable – in the foreseeable future – that these differences cease to exist.
The amount of "deferred tax liabilities" or "deferred tax assets" is determined based on tax rates – set by current tax laws at the date of reference of the single account postings – expected to be applied in the period in which the tax asset is realised or the tax liability extinguished. Deferred tax assets are posted when their recovery is probable.
Deferred tax assets and deferred tax liabilities are compensated in the balance sheet if legally admissible.

Derivative financial instruments
Derivative financial instruments are assets and liabilities posted at fair value. The fair value of derivative financial instruments is determined by discounting expected cash flows, using the market interest rate curve at the reporting date and the curve of the listed credit default swaps of the counter-party, to include the risk of non-performance explicitly envisaged by IFRS 13.
Derivatives are classified as hedge instruments when the relationship between the derivative and the subject being hedged is formally documented and the effectiveness of the hedge, which is periodically verified, is high. When the hedge covers the hedge fair value variation risk (fair value hedge; i.e.: hedge on fixed rate asset/liability fair value variability), hedges are posted at fair value with the effects posted in the Income statement; consistently, hedges are adjusted to reflect the fair value variations associated with the covered risk. When hedges cover cash flow variation risks (cash flow hedge; i.e.: hedge on floating rate asset/liability cash flow variability), hedge fair value variations are initially posted under net equity and later in the income statement consistent with the economic effects produced by the covered operation. Hedge fair value variations that do not meet the condition to be qualified as hedges are posted in the income statement.

Asset value losses
(impairment test)
Company asset book values are measured at each year end to determine whether there are indications of value loss, in which case the recoverable value of the asset is estimated. Impairment is posted in the Income statement when the book value of an asset or generating unit of cash flows exceeds the recoverable value.
Intangible assets with an indefinite useful life (goodwill) are tested annually and whenever there is an indication of a possible impairment in value in order to determine whether such impairment exists.
The recoverable value of non financial assets is recorded at the greater of its fair value, net of sales costs, and its use value. For the determination

of use value, estimated future cash flows are actualised using a discount rate that reflects the current market value of money and risks associated with the type of asset. For assets that do not generate incoming cash flows that are widely independent, the recoverable value of the cash flow generating unit the asset belongs to is calculated.
When, subsequently, an impairment on an asset other than goodwill and other assets with indefinite working life, no longer exists or decreases, the asset accounting value or cash-generating unit is increased to the revised estimate of the recoverable value and can not exceed the amount that any impairment would have had if it had not been detected. The reversal is recognised immediately in the income statement.

Conversion of currency items

The economic and financial situations of Itinera and its branches are drawn up using the functional currency relating to the economic context in which each company operates. Transactions in currencies other than the functional currency are posted at the exchange rate on the date of the transaction. For the purpose of transferring the balances of branches to the head office, the conversion of the economic and financial situations of the consolidated companies with functional currencies other than the Euro occurs by applying to the assets and liabilities, the exchange rate existing at the closing date of the financial year and to income statement items the average exchange rates for the year or the reference period, if lower. The related exchange differences are posted directly in the statement of comprehensive income and reclassified in the income statement at the time of loss of control of the investment and, therefore, of the related deconsolidation.

Branch conversion in financial statement currency

The business' account balances expressed in the local currency were converted into Euro at the exchange rate at the end of the year as per IAS 21 principle. The positive and negative differences due to the conversion in Euro at the end of the year must be posted to a net equity reserve named "Exchange gains reserves".
The main exchange rates applied during the period for the conversion of economic/financial situations with functional currencies other than the euro are those published by the Bank of Italy and indicated in the following table:

Currencies	Spot exchange rate as at 31st December 2018	Average annual exchange rate
Euro/Dinaro Kuwaitiano	0,3476	0,3567
Euro/Angola - Readjustado Kwanza	353,021	297,38
Euro/Botswana - Pula	12,2591	12,0301
Euro/Sud Africa - Rand	16,4594	15,6186
Euro/Romania - Ron	4,6635	4,654
Euro/Arabia Saudita - Ryal Saudita	4,2938	4,4286
Euro/Emirati Arabi - Dirham Emirati Arabi	4,205	4,3371
Euro/Danimarca - Corona Danese	7,4673	7,4532
Euro/Svezia - Corona Svedese 1	0,2548	10,2583
Euro/Kenia - Scellino Kenyota	116,6284	119,638
Euro/Zambia - Kwacha Zambia	13,6313	12,3378

Tax information

Following the sale by Aurelia S.r.l., on 27 September 2018, of 40% of the investment held in Nuova ARGO Finanziaria S.p.A., the control requirement pursuant to art. 117 of the Consolidation Act by Aurelia S.r.l. on the company Itinera S.p.A. ceased to exist with consequent interruption of group taxation before the end of the three-year period.

Aurelia S.r.l. subsequently notified the Tax Authorities of the interruption of the exercise of the option, as required by Article 13 of the Ministry of Economy and Finance Decree 1 March 2018.

Earnings per share

Basic earnings per share are calculated by dividing the company's share of profit or loss by the weighted average of the shares outstanding during the year.

Estimates and measurements

Estimates and assumptions were made which influence the values of the assets and liabilities of the financial statements and the information regarding potential assets and liabilities at the date of the financial statements to draft these financial statements and the relevant notes. The final results may differ from such estimates. The estimates are used, moreover, for the "fair value" measurement of financial assets and liabilities, for impairment tests, for actuarial calculations as well as to post depreciation, asset write-downs, deferred taxes and provisions for risks. The estimates and assumptions are reviewed periodically, and the variations are immediately reflected in the income statement.

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These accounting policies were homogeneously applied and consistent with the preparation of these financial statements.

Pursuant to art. 5, paragraph 2 of Legislative Decree 28 February 2005, no. 38 it is specified that the financial statements are drawn up in Euro units while the values included in the explanatory notes are expressed in thousands of Euro, unless otherwise specified. For Itinera, the Euro represents the "functional currency" and coincides with the "presentation currency".

New accounting standards and interpretations implemented by the EU and in force from 1 January 2018

In addition to the above, with reference to IFRS 15 and IFRS 9, we report that:

- Amendment to ***IFRS 2 "Share-based payments"*** by issuing EU Regulation no. 289/2018. The changes, which had no impact on the Company, concern: 1) the methods for calculating the fair value of transactions with payment based on cash-settled shares on the valuation date, to be carried out taking into account market conditions and conditions other than those of maturity; 2) the accounting recognition of share-based payment transactions settled with equity-settled instruments in which the entity acts as a withholding agent with reference to the employee's tax liabilities; 3) the accounting of the changes that involve the change of classification of payments based on cash-settled or equity-settled shares.

- ***Improvements to IFRS (2014-2016 cycle).*** On 7 February 2018 the EU Regulation no. 182/2018 was issued which incorporated some

amendments to IAS 28 - Investments in associates and joint ventures. In particular, the amendments clarify that the option for an investment entity to value its investments in associates and joint ventures at fair value with changes in fair value recognised in the income statement (rather than using the equity method), must be carried out for each individual investment and at the time of its initial recognition. A similar specification is also provided for an entity that is not an investment entity but is the holder of investments in associates/joint

ventures that are investment entities. In this case, for the purpose of applying the equity method, the entity can keep the fair value accounting with changes in fair value recorded in the income statement made by its investments in associates/joint ventures. The accounting

adoption of these improvements did not have any significant effect on the separate financial statements as at 31 December 2018.

- ***IFRIC 22 – Foreign currency transactions and advances.*** EU Regulation no. 519/2018. which incorporated the interpretation in question, clarifying which exchange rate to use in transactions and in the advances paid/received in foreign currency, was issued on 3 April 2018. The adoption of this interpretation has not had any impact for the Company.

- ***Amendments to IAS 40 - Property Investments.*** EU Regulation no. 400/2018 which introduced some changes to IAS 40 by providing clarifications on the changes in destination that lead to qualifying an asset that is not an investment property as such, or vice versa, was issued on 15 March 2018. The adoption of this amendment has not had any impact for the Company.

New accounting standards and interpretations issued by the IASB and implemented by the EU

On 13 January 2016, the IASB published criteria IFRS 16 – Leases, incorporated with EU Regulation no. 1986/2017, which replaced IAS 17 - Leasing, as well as IFRIC 4 interpretations - Determining whether a contract contains a lease, SIC-15 – Operating leases - Incentives and SIC-27 - Assessing the substance of transactions in legal form of the lease. The new standard provides a new definition of lease and it introduces a criterion based on control (rights of use) of an asset for distinguishing lease contracts from contracts for services, highlighting as discriminatory: the identification of the asset, the right to replace it, the right to obtain, substantially, all of the financial benefits arising from the use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the recognition and evaluation of lease contracts for the lessee which provides for the registration of the asset subject to lease, even if operating in the assets, with a financial debt counterpart. By

contrast, the Standard does not imply significant changes for the lessees.
The principle will be adopted by the Company starting from 1 January 2019.
The Company has completed the preliminary assessment project of the potential impacts arising from the application of the new standard on the transition date (1 January 2019). This process is expressed in several stages, including the complete mapping of the contracts potentially suitable to contain a lease and the analysis thereof in order to understand the main clauses relevant for the purposes of IFRS 16.
The process of implementation of the principle which envisages the setting of the IT infrastructure aimed at the accounting management of the principle and the alignment of the administrative processes and the controls overseeing the critical areas on which the principle stands is in the completion phase. This process is expected to be completed in 2019.

Transition with modified retrospective method

The Company has chosen to apply the standard retrospectively, however, recording the cumulative effect deriving from the application of the principle in equity at 1 January 2019, in accordance with the provisions of paragraphs IFRS 16: C7-C13. In particular, the Company will account for lease contracts previously classified as operating:

a) a financial liability, equal to the current value of future payments remaining on the transition date, discounted using, for each contract, the incremental borrowing rate applicable at the transition date;
b a user fee equal to the value of the financial liability at the transition date, net of any accruals and deferred income/liabilities related to the lease and recognised in the balance sheet at the closing date of these Financial Statements.

IThe value of non-current assets relating to operating lease contracts was increased by any balances of accrued income/prepayments recorded at 31 December 2018 and decreased by the balance of accrued liabilities/deferred income recorded at 31 December 2018.

In adopting IFRS 16, the Company intends to avail itself of the exemption granted by IFRS paragraph 16: 5 (a) in relation to short-term leases for all classes of assets.
Likewise, the Company intends to avail itself of the exemption granted by IFRS 16: 5 (b) with regard to lease contracts for which the underlying asset is configured as a low-value asset (meaning the assets underlying the contract of leases do not exceed Euro 5 thousand when new). The contracts for which the exemption has been applied fall mainly within the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 will not result in the recognition of the financial liability of the lease and the relative user fee, but the lease payments shall be recorded in the income statement on a linear basis for the duration of the respective contracts.
Furthermore, with reference to the transition rules, the Company intends to make use of the following practical expedients available in the event of the choice of the modified retrospective transition method:

- Classification of contracts that expire within 12 months of the transition date as a short term lease. For these contracts the lease instalments will be recorded in the income statement on a linear basis;
- Exclusion of initial direct costs from the measurement of the user fee as of 1 January 2019;
- Use of the information present at the transition date for the determination of the lease term, with particular reference to the exercise of extension options and early closure.

The transition to IFRS 16 introduces some elements of professional judgement that involve the definition of some accounting policies and the use of assumptions and estimates in relation to the lease term and the definition of the incremental borrowing rate. The main ones are summarised below:

- The Company has decided not to apply IFRS 16 for contracts containing a lease whose underlying asset is an intangible asset;
- The Company analysed the totality of the lease

contracts, defining for each of them the lease term, given by the "non-effaceable" period together with the effects of any early extension or termination clauses whose exercise was deemed reasonably certain. Specifically, for buildings this evaluation considered the specific facts and circumstances of each activity. With regard to the other categories of assets, mainly company cars, the Company has generally deemed it unlikely that any extension or termination clauses will be exercised in consideration of the practice usually followed by the Company.

- Since in most of the contracts stipulated by the Company, there is no implicit interest rate, the discount rate to be applied to future payments of rents was determined as the risk-free rate, with maturities commensurate with the duration of the specific rental contract, increased by the Company's credit spread.

The effects of the first application of IFRS 16, also taking into account the practical expedients listed above, will lead to an increase in Financial Liabilities of approximately 7.7 million Euro and the registration of a User fee of approximately 7.7 million Euro. The impact on the Company's shareholders' equity, net of the related tax effect, is therefore void.

- **IFRIC 23 - *Uncertainty regarding accounting standards for income tax purposes.*** The document deals with the issue of uncertainties regarding the tax criteria to be applied to income taxes. The interpretation provides that the uncertainties in the determination of tax liabilities or assets are only reflected in the financial statements when it is probable that the entity will pay or recover the amount in question. Furthermore, the document does not contain any new disclosure obligation, but underlines that the entity will have to establish whether it will be necessary to provide information on the considerations made by the management and relating to the uncertainty inherent in accounting for taxes, in accordance with the provisions of IAS 1. The new interpretation will be applied as of 1 January 2019 but early application is allowed.
- **IFRS 9 amendments.** EU Regulation no. 498/2018, dedicated to the elements of advance payment with negative compensation, which provided clarifications regarding the treatment of the contractual clauses that could change the timing or the amount of the contractual financial flows (for example if the activity can be reimbursed before the expiry or its duration can be extended), was published on 26 March 2018.

New accounting standards and interpretations issued by the IASB and not yet endorsed by the EU

On the reporting date of these financial statements, the European Union had not yet completed the approval process necessary for the adoption of the amendments and the principles described below.

- **Amendments to IAS 28: long-term interests in investments in associates and joint ventures** (published on 12 October 2017). This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to other long-term interests in associates and joint ventures for which the equity method is not applied. The amendment will be applied as of 1 January 2019 but early application is allowed.
- **Improvements to IFRS (2015-2017 cycle),** published on 12 December 2017 (including IFRS 3 Business Combinations and IFRS 11 and Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalisation) which incorporates the changes to some principles as part of their annual improvement process. The amendments will be applied as of 1 January 2019 but early application is allowed.
- **Amendments to IAS 19: modification, reduction or termination of a Plan** ((published on 7 February 2018). The document clarifies how an entity must recognise a change (meaning a curtailment or a settlement) of a defined benefit plan. The amendments, applicable from 1 January 2019, require the entity to update its

assumptions and re-measure the liability or net assets deriving from the plan. The amendments clarify that after this event occurs, an entity uses updated hypotheses to measure the current service cost and the interests for the rest of the reference period following the event.

- **Amendments to IFRS 10 and IAS 28: sale or transfer of an asset from an investor to its associate/joint venture** (published on 11 September 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 relating to profit or loss valuation resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange for a share in the capital of the latter. At this time the IASB has suspended the application of this amendment.
- **Amendments to IAS 1 and IAS 8. Definition of materiality.** The document, published by the IASB on 1 October 2018, introduced a change in the definition of "significant" contained in IAS 1 and IAS 8. This amendment aims to make the definition of "significant" more specific and introduced the concept of "obscured information" alongside the concepts of omitted or incorrect information already present in the two principles subject to modification. The amendment clarifies that information is "obscured" if it has been described in such a way as to produce an effect similar to that which would have been produced if this information had been omitted or incorrect for the primary readers of a financial statement.
- **Amendments to IFRS 3** – Business combinations, with reference to the definition of the business, applicable from 1 January 2020.
- **IFRS 17** – Insurance contracts, applicable as of 1 January 2021.
- Amendments to the **"conceptual framework"** references in IFRS.

The Company is currently evaluating the possible effects deriving from the introduction of the aforementioned changes on its separate financial statements.

Information on the Balance Sheet

Note 1 – Intangible assets

This item is broken down below.

(amounts in thousands of Euro)	Other intangible assets		Total
	Industrial patent rights	Other assets	
Cost:	**971**	**19.184**	**20.155**
1st January 2017			
Investments	7		7
Reclassifications			-
Write-downs			-
Reversals			-
Disposals			-
Other changes	-		-
Exchange differences	24		**24**
31st December 2017	**1.002**	**19.184**	**20.186**
Accumulated depreciation:	**(927)**	**(12.839)**	**(13.766)**
1st January 2017			
Depreciation 2017	(38)	(3.341)	(3.379)
Adjustments			-
Reversals			-
Other changes	(12)		**(12)**
31st December 2017	**(977)**	**(16.180)**	**(17.157)**
Net book value:			
1st January 2017	**44**	**6.345**	**6.389**
31st December 2017	**25**	**3.004**	**3.029**

(amounts in thousands of Euro)	Other intangible assets		Total
	Industrial patent rights	Other assets	
Cost:	**1.002**	**19.184**	**20.186**
1st January 2018			
Investments	162	622	**784**
Write-downs			-
Reversals			-
Disposals		(2.250)	**(2.250)**
Merger change (Interstrade)	37	890	**927**
Sale change (SAM)	-	-	-
Exchange differences	7		**7**
31st December 2018	**1.208**	**18.446**	**19.654**
Accumulated depreciation:	**(977)**	**(16.180)**	**(17.157)**
1st January 2018			
Depreciation 2018	(50)	(2.957)	**(3.007)**
Reversals			
Merger change (Interstrade)	(11)	(128)	
Sale change (SAM)	-	-	-
Exchange differences	(89)		**(89)**
31st December 2018	**(1.127)**	**(17.634)**	**(18.622)**
Net book value:			
1st January 2018	**25**	**3.004**	**3.029**
31st December 2018	**81**	**812**	**893**

Note 2 – Tangible assets

2.a – Buildings, plants, machinery and other assets

This item is broken down below:

(amounts in thousands of Euro)	Land and building/ Real estate investments	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under financial lease	Assets in process of formation and advances	Total
Cost:	**32.723**	**22.568**	**14.578**	**5.321**	**24.909**	**-**	**100.099**
1st January 2017							
Investments		1.205	3.493	863		48	**5.610**
Reclassifications							-
Write-downs							-
Disposals	(567)	(2.328)	(1.934)	(642)			**(5.471)**
Other changes					(148)	396	
Exchange differences		-					-
31st December 2017	**32.156**	**21.445**	**16.137**	**5.543**	**24.761**	**444**	**100.486**
Accumulated depreciation:	**(10.420)**	**(16.910)**	**(11.940)**	**(4.246)**	**(21.217)**	**-**	**(64.733)**
1st January 2017							
Depreciation	(575)	(1.454)	(1.162)	(456)	(1.055)		**(4.702)**
Reclassifications							-
Utilisations	301	1.728	1.750	517			**4.296**
Exchange differences		-					-
31st December 2017	**(10.694)**	**(16.636)**	**(11.352)**	**(4.185)**	**(22.272)**	**-**	**(65.139)**
Net book value:							
1st January 2017	**22.303**	**5.658**	**2.638**	**1.075**	**3.692**	**-**	**35.366**
31st December 2017	**21.462**	**4.809**	**4.785**	**1.358**	**2.489**	**444**	**35.347**

(amounts in thousands of Euro)	Land and building/ Real estate investments	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under financial lease	Assets in process of formation and advances	Total
Cost:	**32.156**	**21.445**	**16.137**	**5.543**	**24.761**	**444**	**100.486**
1st January 2018							
Investments		3.613	2.426	1.034		540	**7.613**
Reclassifications							-
Write-downs							-
Merger change (Interstrade)	1.299	8.771	13.546	1.299			**24.915**
Sale change (SAM)	(489)	(87)	(576)				
Disposals		(1.257)	(3.904)	(1.118)	(848)	(396)	**(7.522)**
Exchange differences	1	(2)	(126)	(17)	1	1	**(142)**
31st December 2018	**33.456**	**32.081**	**27.992**	**6.741**	**23.914**	**589**	**124.774**
Accumulated depreciation:	**(10.694)**	**(16.636)**	**(11.352)**	**(4.185)**	**(22.272)**	**-**	**(65.139)**
1st January 2018							
Depreciation	(580)	(1.708)	(1.875)	(621)	(860)	-	**(5.644)**
Reclassifications							-
Merger change (Interstrade)	(439)	(8.237)	(10.960)	(970)			**(20.606)**
Sale change (SAM)		434	87				**520**
Utilisations	29	1.079	2.417	1.043	849		**5.417**
Exchange differences	(27)	(72)	61	(13)			**(51)**
31st December 2018	**(11.711)**	**(25.140)**	**(21.622)**	**(4.746)**	**(22.283)**	**-**	**(85.502)**
Net book value:							
1st January 2018	**21.462**	**4.809**	**4.785**	**1.358**	**2.489**	**444**	**35.347**
31st December 2018	**21.745**	**6.941**	**6.370**	**1.995**	**1.631**	**589**	**39.271**

Investments for the period, amounting to 7,613 thousand Euro, mainly relate to specific plants, (Euro 2,543 thousand, of which 1,163 thousand in Botswana, 764 thousand in Italy and 608 thousand in the United Arab Emirates), transport vehicles (Euro 1,735 thousand of which 1,109 in Italy, 511 thousand in United Arab Emirates and 105 thousand in Botswana).
No guarantees were issued on non current assets held as at 31 December 2018.

2.b – Real estate property investments
The item Land and Buildings includes a building in Bologna, for net total value of 4,525 thousand Euro, owned by Itinera S.p.A. that is rented to third parties.

2.c – Leased assets
As at 31 December 2018 the company had no. 5 contracts. These contracts refer to the purchase of plant and machinery and industrial and commercial equipment; their net book value, as at 31 December 2018, was Euro 1,631 thousand.
The fees were determined based on the asset value at contract date and its duration; the fee amount is periodically adjusted according to the relevant financial parameters specific to each contract.
No collateral was issued against commitments due to outstanding contracts as at 31 December 2018.

Note 3 – Non current financial assets

3.a.b.c. – Shareholdings
Changes in equity investments during the period and the list of equity investments are shown in Annexes 1 and 2. The details of the investments are summarised below:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
a. Subsidiaries	78.923	61.580
b. Jointly controlled and associate companies	13.578	72.271
c.1 Companies controlled by parent companies	10.462	10.298
c.2 Other companies	8.275	13.947
Total c. Other Shareholdings	*18.737*	*24.245*
Shareholdings	**111.238**	**158.096**

The following operations, among others, are of note:

3.a – Subsidiaries

- **Interstrade S.p.A.:** the purchase on 4 July 2018 (total amount 15.7 million) of the shares comprising the entire share capital of Interstrade S.p.A., a company specialising in the construction and ordinary maintenance activities for motorways and roads. The transaction was then followed by the merger by incorporation of Interstrade into Itinera S.p.A. with legal effect from 1 December 2018;
- **Itinera Geosystem:** the Algerian company Itinera Geosystem terminated business on 15 December 2018;
- **SAM S.p.A.:** on 23 October 2018 the Società Attività Marittime S.p.A. – in brief S.A.M. S.p.A. was established, in which Itinera S.p.A. holds 100% of share capital. On 25 October the extraordinary shareholders' meeting of SAM resolved a share capital increase from 50 thousand Euro to 500 thousand Euro, plus an amount of 64.8 thousand Euro as share premium, which was subscribed by Itinera S.p.A. through transfer of the business division currently appointed to carry out the work concerning "Italian maritime works". The transaction was concluded on 31 December 2018 upon the occurrence of a condition precedent.
- **Sea Segnaletica Stradale S.p.A.:** the purchase, which took place on 4 July 2018, of the shareholdings representing the entire share capital of SEA Segnaletica Stradale S.p.A., a company specialising in horizontal and vertical signage on roads and highways: the amount of the transaction amounts to Euro 16.6 million;
- **Urbantech S.p.A.:** Itinera S.p.A. has taken steps to cover the subsidiary's loss for 2017, amounting to 399 thousand Euro, through the payment in the company of 400 thousand Euro, in two tranches and waiver of receivables of 231 thousand Euro. In relation to the subsidiary's 2018 financial statements, Itinera S.p.A. made a write-down to cover the loss accrued by the subsidiary of Euro 216 thousand. At 31 December 2018 the value of the investment is equal to 146 thousand Euro, equal to its shareholders' equity;
- **ACI Scpa, Agognate Scarl, Biandrate Scarl:** with the merger by incorporation of Interstrade Itinera S.p.A. increased its shareholdings in the aforementioned companies.
  The value as at 31 December 2018 includes, among others, shareholdings in **Itinera USA Corp.** for Euro 48,465 thousand and in **Taranto Logistica S.p.a.** for Euro 12,350 thousand.

3.b – Jointly controlled and associate companies

- **Autovia Padana S.p.A.:** on 4 May 2018 we received the authorisation from the Ministry of Infrastructure and Transport for the purchase by the Ardian Fund of a 49% stake in the share capital of Autovia Padana S.p.A.; on the basis of the agreements signed with the counterparty, we proceeded with the partial assignment of the stakes held by SATAP and Itinera, which were therefore reduced to 50.9% (from 70%) and 0.1% (from 30%) of the share capital respectively.
  In particular, on 31 May Itinera assigned 48,946,300 shares in Autovia Padana S.p.A. to the company Fifteen Bay Pipes S.a.r.l. of the Ardian Group. Itinera S.p.A. had paid the residual tenths to be paid out of the subscribed share capital of Euro 36,607 thousand in January 2018. The sale was completed at face value for Euro 48,946 thousand. The residual value of the investment, now reclassified under other equity investments, amounts to Euro 164 thousand;

- **D.N.C. S.c. a r.l.:** with the transfer of the business division, the investment, equal to 4 thousand Euro, was transferred to S.A.M. S.p.A.;
- **Federici Stirling Batco LLC:** the Company proceeded to submit the value of the investment to an impairment test for which reference should be made to the accounting criteria paragraph. The results of the test led to the need to carry out an impairment of Euro 9,182 thousand. The net value of the investment now amounts to Euro 10,000 thousand;
- **Ponte Nord S.p.A.:** the reduction in the value of the investment is attributable to the value of the investee's shareholders' equity as per the financial statements as at 31 December 2017, the latest approved financial statements available to the Company;
- **V.A. Bitumi S.r.l.:** on 26 April 2018 Itinera S.p.A. assigned to third parties its stake in the share capital of VA Bitumi S.r.l. (50%). Previously, the general meeting of shareholders had resolved an allocation of dividends worth Euro 0.5 million. The two transactions had a combined positive effect of approximately Euro 0.1 million.

3.c.1.2 – Other equity investments

- **Aedes SIIQ S.p.A. - Restart SIIQ S.p.A.:** during the year the investee company AEDES SIIQ S.p.A. was the subject of a partial demerger operation in favour of the beneficiary company SEDEA SIIQ S.p.A. (company wholly owned by AEDES SIIQ S.p.A.). The transaction concluded with the listing of SEDEA SIIQ on the Milan Stock Exchange, which took place on 28 December 2018. On that date AEDES SIIQ S.p.A. took the name of RESTART SIIQ S.p.A. while SEDEA SIIQ S.p.A. changed its to AEDES SIIQ S.p.A. Itinera S.p.A. is therefore now the holder of no. 1,693,554 shares of both companies that are listed on the Milan Stock Exchange. At 28 December 2018, the last day of listing relative to 2018, the value of the investments in the financial statements was adjusted to the listing of the securities, respectively equal to 1.12 for AEDES SIIQ (value at 31 December 2018 equal to Euro 1,896 thousand) and 0.169 for RESTART SIIQ (value at 31 December 2018 equal to Euro 286 thousand), with a negative effect of Euro 5,743 thousand allocated to the statement of comprehensive income pursuant to IFRS 9;
- **Si.Co.Gen. S.p.A.:** with the merger by incorporation of Interstrade, Itinera acquired the stake in Si.Co.Gen S.p.A., a company that deals with maintenance work along the Ativa S.p.A. section of the motorway.
- **Sa.Bro.m S.p.A.:** the reduction in the value of the investment is attributable to the value of the investee's shareholders' equity as per the financial statements as at 31 December 2017, the latest approved financial statements available to the Company. In accordance with IFRS 9, the effect of the adjustment was allocated to the comprehensive income statement.

It should also be noted that the value as at 31 December 2018 includes the investments in **Autostrada AT-CN S.p.a.** for Euro 10,000 thousand and in **Euroimpianti S.p.a.** for Euro 298 thousand, companies that are controlled by the parent companies.

3.d – Other non-current financial assets

These are represented by:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
·Loans	24.865	17.793
· Deposits	489	218
· Other receivables	8.346	552
· Other non-current financial assets	250	290
Other non-current financial assets	**33.950**	**18.853**

"Loans" are broken down as follows:

- - *Receivables from subsidiaries* refer to balances as at 31 December 2018 for the non-interest bearing loans to Sinergie S.c.a r.l. (Euro 76 thousand; same as at 31 December 2017), Biandrate S.c.a r.l. (Euro 50 thousand; same as at 31 December 2017), Ramonti S.c.a r.l. (Euro 178 thousand, of which 51 thousand issued during the year) and Crispi S.c.a.r.l. (Euro 50 thousand; same as at 31 December 2017). The item also includes the loan granted to Diga

Alto Cedrino S.c.ar.l., equal to Euro 1,610 thousand (same as 2017), on which interest is accrued at fixed 2% rate. The item also includes the loan granted to the US subsidiary Itinera USA Corp for Euro 4,279 thousand. Interest accrues on this loan at the 6-month Euribor rate + 1%;

- *Receivables from associated companies:* relate to the interest-bearing loan granted to Gsg Tunneling S.r.l. in liq. for Euro 41 thousand (Euro 363 thousand at 31 December 2017, repayment of Euro 322 in the year), on which interest accrues at the legal interest rate, in 2018 equal to 0.3%, to the loan granted to Federici Stirling Batco LLC amounting to Euro 8,085 thousand (of which Euro 1,928 disbursed during the year), on which interest accrues at 3%. The remaining part is made up of non-interest bearing loans to Società Nogara Mare Adriatico S.c.p.A. (Euro 290 thousand), Tunnel Frejus

S.c.a r.l. (Euro 3,000 thousand), Nichelino Village S.c.a.r.l. (Euro 1,024 thousand) and Interconnessione S.c.ar.l. (Euro 49 thousand). At 31 December 2017 the item also included the loan granted to D.N.C. S.c.a r.l. (equal to Euro 200 thousand) which was transfered to S.A.M. S.p.A.;

- *Loans to other companies:* The item includes the non-interest bearing loan of Euro 4,914 thousand granted to the JV Arge H51 (net of an elision of 44.99%, corresponding to the percentage of interest in the JV), the loan granted to Sa.Bro.M. S.p.A. equal to Euro 580 thousand on which interest accrues at the rate of 2.75% and the interest-free loan granted to Abesca Europe S.r.l. (66 thousand Euro, of which 20 thousand Euro disbursed during the year). At 31 December 2017 the item included the loan to Consorzio Costruttori Veneti San Marco for Euro 9 thousand (unchanged during the year) which was transfered to S.A.M. S.p.A.

The item "receivables from others" refers, for a total of Euro 7,787 thousand, to the commitment undertaken by Itinera for the purchase of shares in TE S.p.A. from Consorzio Tangenziale Engineering (2,200,000 shares, Euro 2,569 thousand including interest at 31 December 2018) and by the cooperative companies CMC, CMB, Unieco and Coopsette (4,649,450 shares, Euro 5,218 thousand including interest at 31 December 2018) as the condition precedent (testing of the motorway section) occurred.

The other components of the item include, for an amount of 413 thousand Euro, deriving from the incorporation of ABC in 2016, relating to charges capitalised in past years in relation to the equity investment held, for a share of 50%, in the consortium Con.Si.L.Fer. If the final outcome of the dispute that the consortium is pursuing with the State Railways is favourable (currently with the Supreme Court judgement of 9 October 2013, the decision was referred to the Civil Court of Appeals of Rome), these costs make up contract charges which will be amortised based on the progress of the job; if it is negative, or if the ruling sets a compensation in favour of the consortium, these will be expensed in the period in which the pertinent judicial bodies issue their final sentence. It should be noted, however, that these costs are entirely offset by funds allocated in the past years.

Item "other non-current financial assets" only includes the Euro 250 thousand advance to Logsystem International S.r.l. for the purchase of 40% of Logsystem S.r.l. share capital, company fully held by the first, owner of the land which play a synergistic role for the parent company Taranto Logistica S.p.A.'s business.

Note 4 – Deferred tax assets

This item amounts to Euro 7,750 thousand (Euro 7,139 thousand as at 31 December 2017) and assimilates deferred tax assets calculated on tax deductible negative income elements in years following the posting to the statutory income statement. Deferred tax assets are posted in the financial statements assuming their recovery through economic results in future years.
The items that during the year have given rise to such assets are represented by the amounts of taxable provisions and IRES tax loss.
Please see the following table for changes during the year:

Balance as at 01.01.2018	**7.139**
Compensation reversal with deferred tax reserves	1,175
Total deferred tax assets from previous year	8,314
Increase for incorporation of Interstrade	1,593
Adjustment for criteria changes	4,329
Deductible time difference offset	(7,130)
Deferred tax assets for the year	2,936
Compensation with deferred tax reserves	(2,292)
Deferred Tax Assets at 31.12.2018	**7,750**

Note 5 – Inventories and contractual assets

These are represented by:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Raw materials, subsidiary materials and consumables	8.900	7.119
Work in progress and semi-finished products	2.382	1.768
Work in progress on order/ Contractual assets	186.178	127.064
Finished products and goods	1.333	1.816
Advances	1.236	2.800
Inventory	**200.029**	**140.567**

The following is a summary table of the contribution of Interstrade on the effective date of merger:

(amounts in thousands of Euro)	**4 July 2018**
Raw materials, subsidiary materials and consumables	532
Work in progress and semi-finished products	22
Work in progress on order/Contractual assets	3.894
Finished products and goods	335
Advances	1
Inventory	**4.784**

Itinera S.p.A. contract work in progress is broken down as follows:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Gross contract value	1.278.832	1.864.147
Advances on work progress	(1.061.998)	(1.680.121)
Advances on price reviews and reserves	(18.407)	(44.183)
Adjusting provisions	(12.249)	(12.779)
Work in progress on order/ Contractual assets	**186.178**	**127.064**

The *adjustment provisions* are against the possible risks of certain asset items due to disputes in progress with purchasers and losses that are expected to occur in the continuing work on a number of contracts in progress; their amount is considered adequate to risks and potential liabilities that could arise in relation to the value of inventories. Changes in "adjustment provisions" are provided in the following statement:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Opening balance	**12.779**	**10.141**
Application of the Cost to Cost method and Interstrade merger	1.452	-
Provision for the year	2.433	4.520
Utilisation during the year	(4.415)	(1.882)
Adjusting provisions	**12.249**	**12.779**

Inventory posted net of advances received from purchasers and down payments on SAL exceeding the evaluation of the relevant inventories (both allocated under liability items 4 and 10 respectively in the Balance Sheet, Notes 14 and 19, to which we defer), is the following:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Net job order balance	186.178	128.657
Customer advances	(60.707)	(27.847)
Total	**125.471**	**100.810**

Finished product and goods inventories: refer to the value of recognition of land as at 31 December 2018 located in the town of Monreale in Contrada San Martino delle Scale (Euro 32 thousand) and to the civil buildings in Milan held for sale (Euro 1,301 thousand).
Advances: the item concerns advances paid to suppliers and subcontractors.

Note 6 – Trade receivables

Amounts receivable from customers totalled Euro 177,678 thousand (Euro 190,381 thousand as of 31 December 2017). At the effective date of the merger, the trade receivables from Interstrade amounted to 25,597 thousand, net of the related provision for write-down.
The details as at 31 December 2018 are summarised below:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Invoiced receivables	131.717	154.953
Receivables to be invoiced	53.430	42.510
Receivables from overdue interest	-	519
Provision for bad debts	(3.671)	(3.083)
Adjustment for actualisation	(3.879)	(4.518)
Trade receivables	**177.598**	**190.381**

Trade receivables due to normal business operations essentially refer to work, material supplies, technical and administrative services and other services, etc. With regard to transactions with related parties, reference is made to the annex of relations with related parties.
The doubtful debt reserves allocated in the financial statements is thus deemed consistent to the expected receivable collectability. The following changes occurred during the year:

(amounts in thousands of Euro)	**Provision for bad debts**
Balance as at 01.01.2018	**3.083**
Increase for incorporation of Interstrade	1.356
Utilisation during the year	(174)
Transfer to SAM S.p.A.	(644)
Provision for the year	50
Balance as at 31.12.2018	**3.671**

Note 7 – Current tax assets

Tax receivables as at 31.12.2018 are broken down as follows:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Carbon tax receivables	199	301
Retained IRAP receivables	734	-
Retained IRES receivables	2.823	657
VAT receivable Italy	1.269	1.922
VAT receivable Saudi Arabia	2	-
VAT receivable Romania	582	261
VAT receivable Botswana	285	-
VAT receivable Denmark	48	-
VAT receivable United Arab Emirates	1.215	-
VAT receivable South Africa	2	-
VAT receivable Sweden	2	-
Reimbursement IRES from IRAP (from ABC)	80	80
Other receivables	981	641
Write-down reserves	(175)	(175)
Tax receivables	**8.047**	**3.687**

Note 8 – Other receivables

This item is broken down as follows:

(amounts in thousands of Euro)	31/12/2018	31/12/2017
From others	20.806	5.246
Supplier receivables	5.628	777
Tax consolidation receivables	648	657
Brebemi-Argentea sale receivables	11.419	-
Prepayments	2.136	956
Provision for bad debts	(548)	(509)
Other receivables	**40.089**	**7.127**

The item "Brebemi-Argentea sale receivables" refers to the amount that Itinera S.p.A. collected almost entirely on 22 January 2019 from Autostrade Lombarde and Impresa Pizzarotti and includes the following items: an amount of 9,000 thousand Euro relating to the equity investment held in Brebemi, an amount of Euro 2,402 relating to the loan to the same investee (of which Euro 472 thousand disbursed during the year) and Euro 17 thousand relating to the investment in Argentea Gestioni ScpA. At 31 December 2017, both the amount of the investment and the portion of the loan granted to Brebemi were reclassified to non-current assets held for sale. For further information, please refer to the Report on Operations.

The item "to others" includes among others:
- Euro 3,000 thousand attributable to the resolution for the distribution of extraordinary reserves by the Ordinary Shareholders' Meeting of SEA Segnaletica Stradale of 27 December 2018;
- Euro 2,226 thousand relating to advances paid to some suppliers for the purchase of equipment in the Arab Emirates;
- Euro 8,053 thousand relating to Romania, mainly due to the recharge of costs attributable to shareholders in the current initiative.

"*Prepayments*" mainly refers to insurance prepayments.

Note 09 – Current financial assets

The item is null as at 31 December 2018.

Note 10 – Liquid funds and equivalents

These are represented by:

(amounts in thousands of Euro)	31/12/2018	31/12/2017
Bank and post office deposits	56.461	48.877
Cash and valuables in hand	135	207
Cash and cash equivalents	**56.596**	**49.084**

(amounts in thousands of Euro)	31/12/2018	31/12/2017
Bank and post office deposits Italy	17.517	31.771
Bank deposits Angola	118	114
Bank deposits Saudi Arabia	58	142
Bank deposits Austria	8.660	0
Bank deposits Botswana	173	939
Bank deposits Denmark	4.260	0
Bank deposits United Arab Emirates	22.993	7.796
Bank deposits Kuwait	128	0
Bank deposits Romania	2.463	8.082
Bank deposits South Africa	51	22
Bank deposits Zambia	39	11
Cash and valuables in hand Italy	109	190
Foreign cash and valuables in hand	27	17
Cash and cash equivalents	**56.596**	**49.084**

Interest rates on bank and postal current accounts are market rates.

Note 11 – Discontinued operations/Non-current assets held for sale

The item at 31 December 2017 included the amounts relating to Brebemi for which reference should be made to note 8 "Other receivables".

(amounts in thousands of Euro)	31/12/2018	31/12/2017
Discontinued operations/Non-current assets held for sale	0	10.931
Assets sold	**0**	**10.931**

The corresponding values have been reclassified under item 8 Other receivables since the operation took effect in 2018.

Note 12 – Net equity

12.1 – Share capital

The share capital as at 31 December 2018, fully subscribed and paid-in, comprises 86,836,594 ordinary shares with a par value of Euro 1 each totalling Euro 86,837 thousand.
Share capital is in tax suspension for Euro 1,833 thousand attributable to Itinera S.p.A. incorporation in 2006: the revaluation reserves ex law 342/2000 and law 350/2003 in Itinera S.p.A. equity for a total of Euro 2,282 thousand, were reconstituted by attributing compensation excess (Euro 449 thousand) and, for the mentioned amount, to share capital. The remaining part is made up of shareholder contributions for Euro 67,898 thousand, of profit reserves for Euro 4,157 thousand, of capital reserves for Euro 5,240 thousand due to the incorporation of ABC Costruzioni S.p.A. and of contributions in kind, confirmed by report, for Euro 7,708 thousand.

12.2 – Reserves

Changes are summarised in the following table (values in thousands of Euro):

Share Reserve	31/12/2017	Increases	Decreases	31/12/2018
Premium reserve	26.901			26.901
Legal reserve	5.634	141		5.775
Other reserves	113.777	2.906	(8.724)	107.958
Retained earnings			(11.108)	(11.108)
Severance act. reserves	30		(42)	(13)
Profit for the year	2.552	512	(2.552)	512
Total	**148.894**	**3.558**	**(22.427)**	**130.025**

12.2.1 – Share premium reserve
The item is due to share capital increases during 2013.

12.2.2 – Legal reserves
The increase is due to the ordinary shareholders' assembly resolution dated 13 April 2018 with which 2017 profits, for Euro 2,816 thousand, were allocated to legal reserves for Euro 141 thousand and extraordinary reserves for Euro 2,675 thousand.

12.2.3 – Other reserves
The total amount is Euro 107,958 thousand and the detail is as follows:

Extraordinary reserve
The value of the reserve is Euro 105,320 thousand. The increase is due to Assembly resolution dated 13 April 2018 on the allocation of 2017 profits.

Exchange gain reserves
It is negative for - Euro 483 thousand and relates solely to the adjustment to foreign branch exchange rates at the end of the period.

Merger deficit
This item totals Euro - 2,228 thousand. It is represented by the difference generated by the merger by incorporation of Interstrade S.p.A. with legal effect as of 1 December 2018, which,

falling under the scope of the operations "under common control", was recognised in accordance with the OPI 1 in continuity of values with that carried out by the parent company and in accordance with the OPI 2 the effects of the merger were charged starting from 4 July 2018, the date on which Itinera S.p.A. acquired the entire share package of Interstrade S.p.A.

Merger gains
It is represented by the compensation excess generated with the merger by incorporation of Itinera S.p.A. which took place in 2006 for Euro 449 thousand and for Euro 9,522 with the merger by incorporation of ABC Costruzioni S.p.A. which took place on 31 December 2016.

Cancellation gains
It totals Euro 58 thousand and is represented by the cancellation gains generated with the merger by incorporation of Strade Co. Ge. S.p.A. in 2010.

Cash flow hedge reserve
The Cash Flow Hedge reserve was set up during the year 2017 as a result of the 21 April 2017 stipulation of a forward contract for buying for-

ward USD 60 million to cover exchange rate risk in connection with the planned operation for purchasing a 50% share in Halmar International LLC, which took place on 5 July 2017, through the subsidiary Itinera USA Corp. For this hedging operation, the Company entered a reserve of Euro 3,061 thousand, net of deferred fiscal effects, which will remain among the Shareholders' Equity reserves until the future financial flows connected with the elements hedged take place, that is, for the portion of the reserve attributable to the share capital increase in Itinera USA Corp., only in the event of sale or write-down of the investment, while the portion of the reserve attributable to the loan granted to Itinera USA Corp. will be allocated to the Income Statement when the loan capital will be repaid.

"Fair value" valuation reserves
It is set up and changes as a direct counterpart to the valuation, at fair value, of financial assets classified as "available for sale" ("Investments in other companies" and "Other financial assets"). At 31 December 2018 this reserve was negative for Euro 4,391 thousand. The reduction of Euro 5,779 is attributable to the negative effects relating to Sabrom (Euro 37 thousand) and Aedes/Restart SIIQ (Euro 5,742 thousand).

FTA reserve
This item totals Euro 3,006 thousand. For more details, see the appendix to these explanatory notes.

12.2.4 – Retained earnings reserve
This reserve, which amounts to Euro - 11,341 thousand, refers to the change in the method of determining the percentage of completion of work in progress. The change in this item is attributable to the change in the method of determining the percentage of completion of work in progress and to the reversal of some pre-operating costs in the application of the new IFRS 15 principle. For further details, see the specific paragraph dedicated to the introduction of the new IFRS 15 principle.

12.2.5 – Severance actualisation reserves
This item amounts to Euro - 13 thousand and includes unrealised gains and losses related to severance indemnities posted under other components of the "comprehensive income statement".

12.2.6 – Profit for the year
This item includes profits for the year for 512 thousand Euro (2,552 thousand Euro in 2017).
The following table shows the analysis of the "nature, possibility of use and distribution" of the shareholders' equity items" as at 31 December 2017, as well as their possible use in the last three financial years (values in thousands of Euro).

(amounts in thousands of Euro)	Balance at 31.12.2018	Possibility of utilisation	Portion available	Uses made in the last three financial years
Share capital	**86.837**			
Capital reserves				
Share premium reserve	26.901	A, B, C	26.901	
Merger gains (revaluations)	649	A, B, C[1]	649	
Merger gains	731	A, B, C	731	
Net income reserves				
Legal reserve	5.775	B		
Extraordinary reserve	105.320	A, B, C	105.320	
Cash flow hedge reserve	(3.061)	(3.061)		
FTA reserve	3.006	A, B, C	3.006	
Retained earnings	(11.342)	(11.342)		
"Fair value" valuation reserves	(4.391)	(4.391)		
Severance actualisation reserves	(13)	(13)		
Exchange gains reserves	(483)	(483)		
Merger losses	(2.229)	(2.229)		
Cancellation gains	58	A, B, C	58	
Merger gains	8.591	A, B, C 8.	591	
Total distributable amount			**123.737**	
Non-distributable amount			-	
Residual distributable amount			**123.737**	

KEY:

A: for share capital increase - B: to cover losses - C: for distribution to shareholders

NOTES

1) in the event of shareholder distribution, this reserve will be subject to taxation as per the single reference laws; any distribution is subject to compliance with provisions set in article 2445 of the Civil Code, paragraphs 2 and 3.

Note 13 – Provisions for risks and charges and Employee benefits (Severance)

13.1 Provision for risks and charges

This item totalled 3,682 thousand Euro (5,382 thousand Euro as at 31 December 2017).

Description	31/12/2017	Increases	Decreases	Other changes	Incorporation of Interstrade SpA	Exchange differences	31/12/2018
Disputed tax reserves	50						50
Provision for legal disputes	681	40	(55)				666
Subsidiary risk reserves	1.810	314	(555)	(1.241)			328
Reserve for future liabilities	1.667	140			272		2.079
Provision for future employee charges		535					535
Provision for corporate reorganisation expenses	280	24	(280)				24
Adjustment reserve for construction material price	894		(894)				-
Totale	**5.382**	**1.053**	**(1.784)**	**(1.241)**	**272**	**-**	**3.682**

Following is a brief description of the nature of the commitments associated with provisions and any prudentially foreseen compensation.
The item includes the following accounts:
- *Disputed tax reserves:* the reserve was allocated to take account of the results of the tax assessment carried out in 2017 by the Revenue Agency Piedmont Regional Directorate in relation to the 2013 tax period for the parent company Itinera S.p.A.. No changes were recorded during the year.
- *Provision for legal disputes:* It fully refers to alleged charges that may arise from pending legal proceedings. These legal proceedings refer to disputes for Fiumicino Pista 3 (Euro 403 thousand) and Provincia di Piacenza (Euro 223 thousand). During the year, amounts related to Sintesi S.p.A. were used for the amount of Euro 55 thousand to cover legal expenses incurred. The provision recognised in the year is attributable to the amount envisaged for a transaction with a supplier.
- *Subsidiaries risks reserve:* the remaining reserves refer to the coverage of expected charges, for various reasons, from subsidiaries Marcallo S.c.a.r.l. (Euro 14 thousand), CCT (Euro 114 thousand) and Lambro S.c.a r.l. (Euro 200 thousand). During the year the amounts set aside to cover the costs charged by Marcallo S.c.a r.l. (Euro 286 thousand) were used. The reduction for the year is also attributable to the use of the provision to cover the loss recorded by the subsidiary Urbantech S.p.A.
The remaining change, equal to Euro 1,241 thousand, attributable to the companies Cornigliano Scarl (Euro 198 thousand) and Interconnessione S.c. a r.l. (Euro 1,043 thousand), is due to the modification of the criteria for calculating the percentage of completion, as illustrated in the paragraph relating to the impacts of IFRS 15, recognised with an offset item in shareholders' equity.
- *Reserves for future liabilities:* the remaining reserves refer, for an amount of 1,236 thousand Euro, to charges to be incurred for work related to the disposal of hazardous materials and the reclamation of the area where they are found in the municipality of Salbertrand. The item also includes the measurement at 31 December 2018 of the capital loss deriving from the sale of the investments in TE currently owned by Consorzio Engineering and by Cmb, Unieco and Coopsette

which Itinera S.p.A. undertook to purchase within the scope of the agreement signed between the Group companies SATAP S.p.A. and SIAS S.p.A. on the one hand, and Intesa San Paolo S.p.A. (ISP) on the other. The amount set aside amounts to Euro 554 thousand, of which 123 allocated in the year 2018. The remaining part, amounting to Euro 290 thousand (of which Euro 273 thousand already recorded in the Interstrade financial statements on the effective date of the merger) refers to the estimated cost to cover future costs relating to quarry sites.
- *Provision for future charges for employees:* this provision, amounting to 535 thousand Euro, refers solely to the bonuses relating to the managerial incentive system.
- *Corporate reorganisation expense reserves:* the reserve, allocated in 2016 for charges related to the procedures initiated to reduce redundancies, was used for a total of Euro 1.3 million. The procedures have terminated; the residual amount is in relation to the charges that Itinera S.p.A. might still have to sustain again in the first few months of 2019.
- *Construction material price adjustment reserves:* the reserves refer to the estimate of alleged charges that the company could incur based on art. 133, paragraphs 4 and subsequent, of Legislative Decree 163/2006 which sets compensations following increases and decreases for exceptional price changes to the most significant construction materials. The Company proceeded with the provisioning of the provision, amounting to Euro 894 thousand, since the sites for which the provision had been set aside have ended.

13.2 – Employee benefits (Severance)

This item totalled Euro 4,967 thousand (Euro 4,675 thousand as at 31 December 2017). The following changes occurred during the year:

1st January 2018	**4.675**
Adjustment of the period	163
Interstrade merger	540
Indemnity paid/liquidated in the period	(411)
31st December 2018	**4.967**

The following tables illustrate the economic-financial and demographic hypotheses adopted for the actuarial measurement of the liabilities, respectively.

Economic-financial hypothesis	
Annual discount rate	1.97%
Annual inflation rate	1.5%
Annual severance growth rate	2.625%

Demographic hypothesis	
Mortality	Tab RG48 from State Jan. Status
Disability	INPS tables by age and gender
Retirement age	Achievement of requirements
Advance frequency %	4.0%
Turnover	10.0%

Note 14 – Other payables and contract liabilities (non current)

The amount as at 31 December 2018 (Euro 10,430 thousand as at 31 December 2017) refers to the amount of advances on work paid by purchasers according to law and intended to be recovered through the issue of work progress reports proportionate to the completed job, that, based on budget forecasts for work, is considered collectable after 31 December 2019.

(amounts in thousands of Euro)	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Contract advances/liabilities	17.038	-	17.038
Total	**17.038**	**-**	**17.038**

The item includes amounts received from foreign customers, in particular Botswana (Euro 1,940 thousand), United Arab Emirates (Euro 10,265 thousand), Austria (Euro 746 thousand) and Romania (Euro 150 thousand).

Note 15 – Bank payables (non current)

Bank payables (non current) total 21,005 thousand Euro (40,513 thousand Euro as of 31 December 2017). Medium and long term bank payables are broken down as follows:

(amounts in thousands of Euro)	Between 1 and 5 years	Beyond 5 years	Total
Banca Passadore Loan	6.022		6.022
Bper Loan	14.983		14.983
Total financial liabilities	**21.005**	**-**	**21.005**

In detail, the item refers to:
- the loan granted by Banca Passadore on 18 December 2017 in the amount of Euro 10,000 thousand, for the non-current portion for 6,022 thousand Euro, which will be repaid in ten semi-annual deferred instalments the first of which due on 29 June 2018. The loan is due to mature on 30 December 2022;
- the loan disbursed on 18 December 2017 for an amount of 30,000 thousand Euro from Banca Popolare dell'Emilia Romagna to be repaid in eight deferred six-monthly instalments starting from 15 June 2018, for the portion expiring beyond the year equal to Euro 14,983 thousand, net of the amortised cost amount. The loan is due to mature on 15 December 2021. The loan agreement requires compliance with a financial/equity parameter ("covenant") relating to the ratio between Net Financial Position and Shareholders' Equity of the Itinera Consolidated Financial Statements. Compliance with this parameter will be verified annually; as at 31 December 2018 the parameter was respected.

It is pointed out that during the year Itinera S.p.A. repaid the loan granted by Banca Carige on 30 October 2015 and equal to 31 December 2017 to Euro 19,998 thousand in advance for the purchase of the investment in Federici Stirling Batco LLC. After paying the instalments in March and September 2018, early repayment was made on October 24th for the amount of Euro 9,996 thousand.

Note 16 – Other financial payables (non current)

This item, totalling 68 thousand Euro (329 thousand Euro as at 31 December 2017) is represented by the medium long term share of loans for leased assets.
These payables, based on their maturity, are broken down as follows:

(amounts in thousands of Euro)	Between 1 and 5 years	Beyond 5 years	Total
Financial lease contract payables	68		68
Total financial liabilities	**68**	**-**	**68**

Note 17 – Deferred tax liabilities

This item totals 0 Euro (1,175 thousand Euro as at 31 December 2017); for the breakdown of this item, please see Note 32 – Income tax.

Balance as at 01.01.2018	**1.275**
Compensation reversal with deferred tax assets	1.175
Total tax deferrals from previous year	*2.450*
Increase for incorporation of Interstrade	212
Taxable timing difference reversal	(406)
Deferred taxes arising during the period	36
Compensation with deferred tax assets	(2.292)
Total Deferred tax reserves at 31.12.2018	**-**

Note 18 – Trade payables (current)

Amounts due to suppliers totalled Euro 145,444 thousand (Euro 90,943 thousand as of 31 December 2017). At the effective date of the merger, the trade payables from Interstrade amounted to 9,827 thousand.

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Invoiced payables	102.441	68.201
Invoices receivable	43.003	22.742
Trade payables	**145.444**	**90.943**

Note 19 – Other payables and contract liabilities (current)

These are represented by:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Contract advances and liabilities	43.669	14.901
Payables to parent companies	-	2.319
Amounts due to social security and welfare institutions	2.234	1.907
Payables to consortium companies	100.741	115.985
Payables to employees	6.011	5.818
Deferred income	127	134
Other payables	34.838	55.743
Other payables	**187.620**	**196.807**

"Advances/contract liabilities" include advances received from purchasers according to law and intended to be recovered based on the issue of the work progress report. The item includes amounts received from foreign customers, in particular Botswana (Euro 2,950 thousand), United Arab Emirates (Euro 12,938 thousand) and Romania (Euro 8,127 thousand). It also includes Euro 2,820 thousand given by the excess advances invoiced compared to the assessment of the relevant inventories.

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Payables for cost reversals	2.860.861	2.451.242
Advances paid for cost reversals	(2.760.120)	(2.335.257)
Payables to consortium companies	**100.741**	**115.985**

"Payables to consortium companies" refer to cost reversals by consortium companies posted net of invoiced advances. The main amounts refer to Aci ScpA (Euro 20,060 thousand), Consorzio TEEM for Euro 7,303 thousand, CMC Itinera JV Scpa for Euro 11,269 thousand, Lambro S.c.a r.l. (Euro 8,627 thousand) and Letimbro S.c.a r.l. for Euro 20,396 thousand.
The most significant amounts in "Other payables" are represented by payables for amounts due for share capital subscriptions in Asti-Cuneo S.p.A. (Euro 7,500 thousand), Passante Dorico S.p.A. (Euro 1,980 thousand), Taranto Logistica (Euro 3,705 thousand) and payables to insurance companies for Euro 2,317 thousand, as well as the payable to the various sellers of TE shares, as per the previous paragraph of "Other non-current assets", equal to Euro 7,787 thousand.

Note 20 – Bank payables (non current)

These are represented by:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Current accounts payable	52.239	12.798
Advances	2.500	3.538
Loans	9.492	19.456
Bank payables	**64.231**	**35.792**

The financial position with regard to credit institutions, considering also cash and cash equivalents and expenses provisions, has a negative balance of approximately Euro -28.6 million compared to Euro - 27.2 million as at 31 December 2017. The increase of the net exposure, which is equal to Euro 1.4 million, is essentially due – as can be seen from the financial report – to the resources generated by loan activities (Euro 10.9 million), offset by the resources absorbed by extraordinary operations (Euro 9.5 million), operating activities (Euro 1.5 million) and investments (Euro 1.3 million).
The item *"current accounts payable"* refers to credit lines included in the credit lines granted.

The current accounts payable to Interstrade on the effective effective date of the merger amounted to Euro 5,428 thousand.
Overall indebtedness includes an amount of about Euro 2.5 million of self-liquidating nature, considering that these are amounts advances on contracts and invoice collection.
The item "loans" refers to the current portion of loans already described in Note 15.

Note 21 – Other financial payables (current)

These are represented by:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Financial lease contract payables	239	503
Amounts due to other investors	11.447	0
Other current financial payables	**11.686**	**503**

Item *"Other current financial payables"*, totalling 239 thousand Euro (503 thousand Euro as at 31 December 2017) is represented by the short term share of loans for leased assets.

The item "Payables to other lenders" mainly refers to the following items:
- Non-interest bearing loan received from the associated company CMC Itinera JV ScpA for Euro 6,533 thousand;
- Part of the non-interest bearing loan taken over from JV Arge H51 by the Austrian branch (Euro 4,914 thousand).

Note 22 – Current tax liabilities

The item is broken down as follows:

(amounts in thousands of Euro)	**31/12/2018**	**31/12/2017**
Employee and associate IRPEF withholdings	2.077	1.641
IRAP for the year	-	210
VAT payable in Botswana	-	12
VAT payable in Austria	14	-
VAT payable in Denmark (Odense)	732	-
Other current tax liabilities	34	-
Tax payables	**2.857**	**1.863**

Information on the Income Statement

Note 23 – Revenues

Revenues are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Work and service revenues	363.411	291.198
Other revenues	19.014	21.623
Hire	763	1.028
Customer contract revenues	***383.188***	***313.849***
Changes in work in progress, semi-finished and finished products	(609)	2.016
Revenues	**382.579**	**315.865**

The turnover due to work is the following:

Revenues by category of activities	2018	%	2017	%
Road constructions and paving	227.364	62,56%	207.500	71,26%
Civil and industrial buildings	96.107	26,45%	24.767	8,51%
Maritime works and dredging	780	0,21%	7.318	2,51%
Underground works	21.855	6,01%	41.335	14,20%
Others	17.305	4,76%	10.273	3,53%
Total Revenues by category of activities	**363.411**	**100%**	**291.193**	**100%**

Revenues in the second semester include revenues from the incorporated Interstrade for Euro 18,418 thousand.

23.1 Other revenues

Other revenues are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Compensation of damages	503	1.504
Out-of-period income	2.329	674
Employee cost recovery	5.172	5.538
Other revenues	4.217	2.980
Operating grants	64	61
Other revenue	**12.285**	**10.757**

"Capital grants" includes contributions on diesel consumption for self-propelled vehicles in favour of third party and self-transport due to the various laws emanated in time.

Note 24 - Employee costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Wages and salaries	42.994	34.447
Social security contributions	12.111	10.710
Provision for severance indemnity	598	2.259
Other costs	1.323	2.496
Employee costs:	**59.026**	**49.912**

The average breakdown for employees by category is the following:

(amounts in thousands of Euro)	2018	2017
Executives	51	43
Managers	95	50
White-collar workers	374	304
Blue-collar workers	449	355
Total	**969**	**752**

Employees breakdown by category at year end:

	31/12/2018	31/12/2017
Executives	65	40
Managers	101	52
White-collar workers	417	313
Blue-collar workers	481	354
Total	**1.064**	**759**

The number of employees due to the incorporation of Interstrade is equal to 112, of which 2 executives, 41 white-collar workers and 69 blue-collar workers and the number of employees under the business division transfer to SAM S.p.A. is equal to 9, of which 1 executive, 5 white-collar workers and 3 bluecollar workers.

Note 25 – Services costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Other costs for services:		
Tangible assets maintenance	2.875	1.901
Consulting	3.114	3.580
Technical design activities	9.460	3.173
Security services	526	563
IT services	1.937	1.619
Transportation	6.826	7.341
Insurance	4.794	3.023
Legal and notary consultancy expenses	1.999	1.460
Corporate body fees and reimbursements	910	479
Auditors' fees	311	206
Seconded services and contract workers	11.141	1.197
Other payroll and related costs	5.833	4.686
Utilities	1.135	922
Subcontracting	33.454	25.643
Subcontracts	45.553	19.530
Reversals from consortium companies	103.182	140.060
Others	5.753	1.029
Total other services costs	**238.803**	**216.412**

The increase in seconded personnel and project workers is due to workers hired at the Reem Mall site by JV Itinera-Ghantoot.

Note 26 – Raw material costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Raw materials	53.070	21.382
Consumables	14.505	15.212
Changes to raw material, consumable and goods inventories	(777)	511
Raw material costs:	**66.798**	**37.105**

L'incremento di personale distaccato e di lavoratori a progetto è riconducibile ai lavoratori assunti presso il cantiere del Reem Mall dalla JV Itinera-Ghantoot.

Note 27 – Other operating costs

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Use of third party assets	5.756	2.847
Non-recurring costs	1.273	1.001
Other operating expense	5.415	3.550
Other costs	**12.444**	**7.398**

Note 28 – Depreciations and value write-downs

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Intangible assets:		
· Other intangible assets	3007	3.379
Tangible assets:		
· Buildings	580	575
· Plant and machinery	1.708	1.454
· Industrial and commercial equipment	1.875	1.162
· Other assets	62	1 456
· Leased assets	859	1.054
Total depreciation and amortisation	**8.650**	**8.080**

(amounts in thousands of Euro)	2018	2017
Write-downs:		
· Assets		
· Write-down of receivables	345	100
Total write-downs	**345**	**100**

Note 29 – Provisions for risks and charges

The item *"Provisions for risks and charges"* refers to the possible costs incurred for the subsidiaries CCT (Euro 114 thousand), Lambro Scarl (Euro 200 thousand) and other minor ones for a total of Euro 77 thousand (Euro 1,542 thousand at 31 December 2017).

Note 30 – Financial income and charges

30.1 Financial income

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Share revenue:		
· Dividends from subsidiaries	3.000	-
· Dividends from associates	238	-
· Dividends from other companies	586	60
· Gains on disposals	-	1.325
Interest and other financial income		
· from credit institutes	25	95
· from subsidiaries loans	77	38
· from associate loans	153	181
· from other loans	252	19
· Others	1.520	1.418
Financial income	**5.851**	**3.136**

The item *"Dividends from subsidiaries"* refers to dividends earned from SEA Segnaletica Stradale (Euro 3,000 thousand).
The item *"Dividends from associate companies"* refers to dividends earned from Va Bitumi S.r.l. (Euro 238 thousand) before the share sale.
The item *"Dividends from other companies"* refers to dividends resolved by Autostrade Centropadane S.p.A. (Euro 541 thousand) and Euroimpianti S.p.A. (Euro 45 thousand).
The item *"From subsidiaries loans"* refers to interest accrued on the loan granted to Diga Alto Cedrino S.c.a r.l. (Euro 32 thousand) and interest accrued on the loan granted to Itinera USA Corp (Euro 45 thousand).
The item *"from associate companies loans"* refers to the interest accrued on the loan granted to Federici Stirling Batco LLC amounting to Euro 153 thousand.
"From other company loans" refers to interest accrued on the loan granted to Brebemi (Euro 249 thousand) and Sa.Bro.M. (Euro 3 thousand).
"Other" financial income mainly includes *(i)* interest from customers for Euro 100 thousand, whose main amount concerns the delayed payment by purchaser Autostrade Centro Padane S.p.A. for work completed by the Ramonti S.c.a r.l. consortium company. Please note that during the year, Autostrade Centro Padane fully paid off its debts; *(ii)* the use of credit discounting to Tubosider S.p.A. for Euro 638 thousand and *(iii)* exchange gains for Euro 577 thousand. Concerning this item please remember that the

Euro conversion at the exchange rate at the end of the year of the granted loan balance to associate company Federici Stirling Batco LLC generated an exchange gain, for Euro 251 thousand, and the conversion at the exchange rate at the end of the year of the granted loan balance in dollar to subsidiary Itinera USA Corp generated an exchange gain, for Euro 193 thousand; *(iv)* other minor items for a total amount of Euro 205 thousand.

30.2 – Financial charges

These are broken down as follows:

(amounts in thousands of Euro)	2018	2017
Interest due to credit institutes:		
· on loans	253	230
·on current accounts	207	110
Other interest payable:		
· on financial lease contracts	8	20
Other financial expense:		
· Write-down of equity investments	9.425	1.170
· Losses on disposals of shares	265	1.388
· Other financial expenses	208	1.219
Financial expenses	**10.366**	**4.137**

Details of item *"Write-down of equity investments"* are the following:

(amounts in thousands of Euro)	2018	2017
Write-downs of equity investments:		
· Federici Stirling Batco LLC	9.182	-
· Ponte Nord	27	-
· Urbantech S.p.A.	216	408
· Tubosider S.p.A.	-	703
· Passante Dorico S.p.A.	-	17
· Abesca Europe S.p.A.	-	42
· Total	**9.425**	**1.170**

The item *"Share disposal losses"* includes the measurement at 31 December 2018 of the capital loss deriving from the sale of the investments in TE currently owned by Consorzio Engineering and of Cmb, Unieco and Coopsette which Itinera S.p.A. undertook to purchase within the scope of the agreement signed between the Group companies SATAP S.p.A. and SIAS S.p.A. on the one hand, and Intesa San Paolo S.p.A. (ISP) on the other. The amount allocated to provisions totals 123 thousand Euro. The item also includes the loss due to the sale of associate company VA Bitumi (Euro 121 thousand) and that due to the closure of the Algerian Itinera Geosystem S.a.r.l. (Euro 21 thousand) The item "Write-downs of shareholdings" includes, among others, the write-down concerning Federici Stirling Batco LLC. Itinera S.p.A. proceeded to submit the value of the investment to an impairment test for which reference should be made to the accounting criteria paragraph. The results of the test led to the need to carry out an impairment of Euro 9,182 thousand. The value of the investment now amounts to Euro 10,000 thousand.
"Other financial expenses" include foreign exchange losses of Euro 120 thousand.

Note 31 – Income taxes

This item is broken down as follows:

(amounts in thousands of Euro)	2018	2017
Current taxation:		
· IRES	-	(2.342)
· IRAP	-	(866)
· Foreign taxation	-	-
	-	**(3.208)**
Taxation relating to previous years:		
· IRES	(81)	185
· IRAP	390	30
	309	**215**
Deferred tax assets/liabilities		
· IRES	(2.954)	445
· IRAP	(740)	28
· Imposte estero		
	(3.694)	**473**
Income/Charges from tax consolidation	5	
Total	**(3.380)**	**(2.520)**

In accordance with paragraph 81, letter c) of IAS 12, the reconciliation of income taxes posted in the financial statements as at 31 December 2018 and 2017 ("actual") and those "theoretic" at the same dates is provided below. Reconciliation between the "theoretic" and "actual" tax rate (IRES):

(amounts in thousands of Euro)		2018		2017
Earnings before income taxes				
Actual income tax (from financial statements)	**2.954**	**75,90%**	**1.897**	**37,41%**
Lesser taxes (compared to theoretic rate):				
· lesser taxes on dividends and share sales		0,00%		0,00%
· other decreases	1.440	37,00%	908	17,91%
Greater taxes (compared to theoretic rate):				
· Non deductible charges and other changes	(5.328)	-136,90%	(1.588)	-31,32%
"Theoretic" income tax (24% on earnings before taxes)	**(934)**	**-24,00%**	**1.217**	**24,00%**

Reconciliation between the "theoretic" and "actual" tax rate (IRAP):

(amounts in thousands of Euro)		2018		2017
Added value (IRAP taxable income)				
Actual income tax (from financial statements)	**740**	**8,80%**	**838**	**3,34%**
Lesser taxes (compared to theoretic rate):				
· Sundry deductible charges, net				
· Other decreases	10	0,12%	300	1,20%
Greater taxes (compared to theoretic rate)				
· Non-deductible charges	(422)	-5,02%	(160)	-0,64%
"Theoretic" income tax (3.9% on earnings before taxes)	**328**	**3,90%**	**978**	**3,90%**

The following tables illustrate, for the year in question and 2017, the deferred tax income and charges posted in the income statement and deferred tax assets and liabilities posted in the statement of assets and liabilities.

(amounts in thousands of Euro)	2018	2017
Deferred tax income for:(*)		
· Deferred tax "reversal" on capital gains	60	52
· Works in progress	212	
· Severance reserves actuarial recalculation		
· Provisions for suspended tax reserves	883	1.261
· Others	1.837	998
Total (A)	**2.992**	**2.311**
Deferred tax charges for:(*)		
· Provision "reversal" to suspended tax reserves	(1.594)	(1.540)
· Leased assets		
· Effects from work in progress as per IAS	(4.329)	(12)
· Reversal of maintenance expense over the deductible tax rate	(25)	(36)
· Reversal of entertainment expenses over the deductible tax rate		
· Severance reserves actuarial recalculation		(1)
· Others	(738)	(249)
Total (B)	**(6.686)**	**(1.838)**
Total (B) – (A)	**(3.694)**	**473**

(*) Deferred income and charges were calculated based on tax rates in effect at their expected "reversal".

(amounts in thousands of Euro)	2018	2017
Deferred tax assets for: (*)		
· provisions to suspended tax reserves	4.989	5.161
· Maintenance expenses over the deductible rate	20	46
· Others	5.034	3.107
Total	**10.043**	**8.314**
Deferred tax liabilities for: (*)		
· Capital gains divided over several accounting periods	(35)	(16)
· Other	(957)	(1.159)
· Leased assets	(424)	(504)
· works in progress	(877)	(771)
Total	**(2.293)**	**(2.450)**

(*) Deferred tax assets and liabilities were calculated based on tax rates in effect at their expected "reversal".

Note 33 – Earnings per share

Share profits are calculated, according to IAS 33, dividing the net results by the average number of shares in circulation during the year.

(amounts in thousands of Euro)	2018	2017
Net result	512	2.552
Earnings per share (Euro unit)	**0,006**	**0,029**
Number of ordinary shares	86.836.594	86.836.594

Options, warrants or equivalent financial instruments on "potential" ordinary shares with diluting effects were not posted in 2017 and 2018.

Note 34 – Information on the cash flow statement

34.1 – Changes to net working capital

(amounts in thousands of Euro)	2018	2017
Inventory	(71.195)	(29.592)
Trade receivables	3.431	9.296
Current tax assets	(3.803)	(1.183)
Amounts due from others	(21.627)	3.254
Trade payables	44.675	(26.688)
Other payables	25.606	39.280
Current tax liabilities	494	(147)
Total	**(22.419)**	**(5.780)**

34.2 – Other general operating activities changes

(amounts in thousands of Euro)	2018	2017
Severance reserve use	(411)	(799)
Other fund variations	(1.617)	(3.372)
Total	**(2.028)**	**(4.171)**

Other information

Following is information on the determination of "fair value"; as for information on the company, on events after year end and foreseeable business outlook, please see the "Report on Operations".

Information on the determination of fair value

Fair value is used to measure financial assets and liabilities if their amount is not reliably determinable.
For financial assets and liabilities listed in an active market, the fair value is determined with reference to market prices at the date of posting and/or subsequent measurement. Should an official market price not be available, the fair value is determined with reference to prices applied in the most recent financial asset or liability purchase, sale or extinction operations.
The fair value of receivables and payables of trade nature is identified with their book value, even in consideration of the fact that their maturity is generally short term and does not require, among others, the use of actualisation techniques.

Guarantees given

The main sureties granted are listed below:
Contract performance bonds: they totalled 472.2 million Euro and are issued to purchasers for good work execution, contract advances, contract releases, withholding release as collateral and tender participation, referred to all contracts in progress.
Following the acquisition of Halmar International LLC, the company took over, for its share, through the issue of corporate guarantees, the guarantees that the shareholders had provided to financial institutions – banks and insurance companies – that support the company.
In particular, it signed an Indemnity Agreement for a total of USD 300 million (Euro 262 million) with the US insurance company that had issued the guarantees necessary for execution of works in the interests of the latter, through which it undertakes to counter-guarantee 50% (equal to the shareholding in the US company) of the work in progress at the time of the closing; at the balance sheet

date, the risk commensurate with the work to be carried out amounted to Euro 43.5 million.
For the works acquired by the Halmar Group subsequent to the closing date, Itinera issued guarantees for a total of USD 970 million, equivalent to Euro 847.2 million; the risk commensurate with the work to be carried out amounts to Euro 700.8 million.

Performance bonds and other collateral for loan grants: they total Euro 123.8 million and refer to subsidiaries.

Collateral concerning: The company pledged no. 100 Tangenziale Esterna S.p.A. shares to the Banca Intesa SanPaolo S.p.A. – par value Euro 0.1 thousand –, as collateral for the loan granted by this bank in favour of the subsidiary. The Group leader pledged no. 9,000,000 Società di Progetto Bre.Be.Mi. S.p.A. shares to the Banca Unicredit S.p.A. – par value Euro 9,000,000 –, as collateral for the loan granted by this bank in favour of the subsidiary.

Financial risk management
As per IFRS 7, please note that Itinera S.p.A., in ordinary business activities, is potentially exposed to the following financial risks:
- "market risk" represented by the risk that the value of assets and liabilities or future cash flows can fluctuate following market price changes that, in this case, can essentially concern the interest rate and exchange market;
- "liquidity risk" due to the lack of adequate financial resources to meet business activities and reimburse undertaken liabilities;
- "credit risks" represented by both the risk of default in obligations undertaken by purchasers/customers and the risk associated with normal trade relations.

These risks are analysed – in detail – below:
Market risk
With regard to the risk associated with interest rates, variations in the market levels of interest rates have an impact on the cost and yield of the various forms of funding and investment and thus have an impact on the total net financial charges.
Itinera S.p.A.'s strategy aims to limit the variations it is subject to through monitoring of the respective market dynamics by duly appointed company departments who work closely with the parent company's Central Financial Management to identify the optimal combination of fixed and variable rate loans and using – where this is deemed appropriate – specific hedging contracts.
With reference to Itinera S.p.A.'s financial indebtedness as at 31 December 2018, please note that this indebtedness is mainly expressed at "fixed rate" and that the company did not use, during the year, "financial instruments" to cover interest rate variations.
The Company is exposed to exchange rate risk deriving from various factors including (i) receipt and payment cash flows in currencies different to the financial statements currency (financial exchange risk); (ii) net investment of capital in subsidiaries with financial statements currencies not in Euro (translation exchange risk); (iii) deposits and/or loans in currencies that are different to the financial statement currency (transaction exchange risk).
The duly appointed company department works closely with ASTM Group's Central Financial Department and pursues a policy of hedging risk associated with variations in exchange rates, using financial resources that are available on the market, and in consideration of the level of exposure of individual contracts to said risk. As at 31 December 2018, moreover, there are no existing currency hedging operations but in virtue of the commencement of various sites, these are likely to be put in place during the course of 2019.

Liquidity risk
The "liquidity risk" represents the risk that the available financial resources may not be sufficient to meet obligations. This risk may emerge, substantially, from potential delay in collecting payments from purchasers – from both the public and private sector – and any difficulties in obtaining funding supporting business at the right time and at conditions that are not unfavourable.
The main factors that determine the liquidity situation are, on the one hand, resources generated or absorbed by business and investments and, on the other, the debt maturity and renewal characteri-

stics or liquidity of financial commitments and market conditions.
The strategy adopted consists in pursuing, as much as possible, financial autonomy in current contracts, combined with limiting indebtedness and maintaining financial equilibrium. On this topic, the Group believes that the generation of cash flows, combined with the diversification of funding resources and the current availability of lines of credit, satisfactorily guarantee the planned funding needs.

Credit risk

Positions, if singularly significant, for which the objective condition of partial or total insolvency is found are subject to write-down. The amount of the write-down takes into account an estimate of recoverable flows and relevant collection date, future recovery charges and expenses as well as the value of sureties.

Corporate bodies fees

Fees paid to corporate bodies are provided in the following table:

(amounts in thousands of Euro)	**2018**	**2017**
Board of Directors		830 407
Board of Auditors	58	41
Total	**888**	**448**

The company did not pay advances or issue collateral to directors and auditors.

Fees paid to auditing firm

As per legal decree no.39 dated 27 January 2010, fees recognised to PricewaterhouseCoopers S.p.A. are broken down below:

Service type	**2018**
Auditing services	
Audit of the financial statements, consolidated and bookkeeping verification	167
Mid-year report audit	35
	202

Disclosure regarding the corporate direction and coordination activities

Parent company ASTM S.p.A. exercises the direction and coordination as per Italian Civil Code article 2497.
As per Civil Code article 2497-bis, paragraph 4, annex 3 is enclosed with these Explanatory Notes including a statement that summarises the key data from the last approved financial statements of the parent company (as at 31 December 2017); this company also drafted the consolidated financial statements on the same date.
For the adequate and complete comprehension of ASTM S.p.A.'s equity and financial situation as at 31 December 2017 as well as the economic results for the same year, please see the financial statements which, including the auditors' report, are available in the format and modes foreseen by law.

Information on intra-group transactions and with related parties

Data, of equity and economic nature, concerning transactions during the year with subsidiaries, associated companies, parent companies and companies controlled by the latter, are summarised in the illustrative tables enclosed with this report (see annexes 4 and 5). Please note that these transactions were completed at normal market conditions and based on rules that ensure accountability as well as substantial and procedural correctness.
These data illustrate, also for the information purposes required by current article 2497 bis, paragraph 5, of the Civil Code, relations with the parent company ASTM S.p.A., who provides "direction and coordination" activities and with other companies subject to this activity.

Agreements not resulting from the balance sheet

The company did not sign any agreements not posted in the Balance sheet that could have a significant impact on the company's equity and financial situation, as well as on its economic results.

Information on the company preparing the consolidated financial statements

Please note that, due to that set forth in point 22 - quinquies of art. 2427 of the Civil Code, the consolidated financial statements of the largest group of companies in which the company is a subsidiary, is prepared by Aurelia S.r.l. with headquarters in Tortona (AL). A copy of the consolidated financial statements is available at the Chamber of Commerce of Alessandria.
Please note that the company, in accordance with pertinent laws, voluntarily prepared the consolidated financial statements (subjecting them to audit), referred to for an assessment of the Group's equity, economic and financial situation.

Disclosure on the transparency of public payments

Pursuant to article 1 paragraphs 125-129 of law no. 124/2017, subsequently supplemented by the "Security" Law Decree (No. 113/2018) and the "Simplification" Law Decree (No. 135/2018) it should be noted that in the 2018 financial year, "subsidies, contributions, paid assignments and in any case economic advantages of any kind" have been collected by the company from public administrations.
The amount, totalling Euro 150 thousand, refers to amounts due from previous years. Following is a breakdown of the fees collected in 2018, the payer and reason.

Payer	Description	Amount (€)
Customs agency	Carbon tax	149,977

Significant events after the end of the year

No significant events occurred after the end of the year for the Company as the development of the business continued without any facts or events worthy of mention.

ANNEXES

FTA appendix: Transition to international accounting criteria
- Statement no. 1 on changes to Shareholding accounts.
- Statement no. 2 containing the list of Shares held as at 31 December 2018.
- Statement no. 3 on key data from ASTM S.p.A.'s last approved financial statements (as at 31 December 2017), company who provides "direction and coordination" activities.
- Statement no. 4 relating to equity transactions with related parties.
- Statement no. 5 relating to economic transactions with related parties.

Proposals for the assembly

Dear Shareholders, in consideration of that stated, we request the Assembly approves the financial statements as submitted.
Regarding the allocation of profit for the year, totalling Euro 511,687.43 (rounded down in the balance sheet to 511,687) in light of the expected investments and the need to maintain and bolster corporate equity and financial structure, condition necessary to compete on foreign markets, we propose the allocation of the entire amount to reserves.
Specifically, please allocate:
- Euro 25,584.37, equal to 5% of the total amount, to legal reserves to meet the provision of Civil Code art. 2430 and Articles of Association art. 28;
- Euro 486,103.06 equal to residual profit for the year to Extraordinary reserves.

We therefore request you take suitable measures on that occasion.

Tortona, 07 March 2019

For the Board of Directors
The Chairman
Mr. Rosario Fiumara

APPENDIX

Itinera S.P.A. Transition to International Accounting Standards

Premise

As of financial year 2012, the consolidated financial statements were prepared by the Itinera Group based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/2/2005 - according to IFRS international accounting criteria issued by the International Accounting Standard Board (IASB) and approved by the European Commission. The parent company Itinera S.p.A. and Group companies' financial statements, on the other hand, were prepared according to regulations of the Italian Civil Code as amended by the Legislative Decree 139/2015, taking into account the pertinent information provided by the Italian Accounting Board (Organismo Italiano di Contabilità or O.I.C.), which integrate and provide a technical interpretation of the legislation governing financial statements.
Starting from the 2018 financial year, Itinera S.p.A. prepares its financial statements in compliance with IAS/IFRS international accounting standards.

First application of international accounting standards (IFRS 1)

For the adoption of international accounting standards, the company has applied the provisions of IFRS 1 "First-time adoption of International Financial Reporting Standards". This principle provides that, in the event that the Parent Company adopts the international accounting standards first in the consolidated financial statements and subsequently in the individual financial statements, it must record assets and liabilities at the same amounts in both financial statements, except for consolidation adjustments (paragraph D 17 of IFRS 1).
Therefore, the reconciliation statements shown below reflect the same accounting standards and the same options provided by IFRS 1 adopted in the preparation of the consolidated financial statements of the Itinera Group for the year 2017, with the exception of business combinations under common control (contributions, disposals, mergers, etc.) implemented before the date of First Time Adoption in the separate financial statements, for which the exemption contained in Appendix C of IFRS 1 applies. These transactions, therefore, remain recorded in the separate IFRS financial statements at the values to which they were recorded in accordance with Italian accounting principles in order to avoid an asymmetry of IFRS valuation in the financial statements prepared by the parent company with respect to the consolidated financial statements, dependent only on the different time in which the transition to international accounting standards operates in these financial statements.
The opening balance sheet at the IAS/IFRS transition date (1 January 2017) was prepared based on the following criteria:

- All the assets and liabilities whose registration is required by IAS/IFRS have been recognised.
- Those assets and liabilities whose registration is not permitted by IAS/IFRS standards have not been recognised.
- Appropriate reclassifications have been made to ensure the correct classification based on the new IAS/IFRS principles.
- IAS/IFRS were applied in measuring of all the assets and liabilities recognised.
- All the adjustments resulting from the first application of the IAS/IFRS have been recognised with an offset entry in shareholders' equity (First Time Adoption Reserve "FTA"). The breakdown of the composition of the FTA reserve is shown in the statement of changes in equity.

Accounting principles and accounting policies

General principles

The following are the criteria adopted in preparing the reconciliation statements as at 1st January 2017 and 31st December 2017, which are the same as those adopted for the preparation of the consolidated financial statements at the same dates.
The Itinera S.p.A. financial statements are prepared according to IFRS international accounting criteria issued by the International Accounting Standard Board (IASB) and approved by the European Commission.
The accounting policies adopted in the prepara-

tion of the reconciliation statements as at 1st January 2017 and 31st December 2017 comply with the provisions of the international accounting standards in the version approved according to the procedure set forth in art. 6 of the (EC) Regulation n. 1606/2002 of the European Parliament and of the Council of 19 July 2002.
It should be noted that the IAS/IFRS reconciliation tables, being prepared only for the purposes of the transition for the preparation of the first complete financial statements according to the IAS/IFRS approved by the European Commission, lack the comparative data and the necessary explanatory notes that would be required to fully represent the financial position and the economic result of Itinera S.p.A. in accordance with IFRS.

Accounting policies

Intangible assets

Intangible assets
"Other intangible assets", posted at cost, are systematically depreciated based on a period in which it is assumed the assets will be used by the company.
They are posted at purchase or production cost including accessory costs and are systematically depreciated for the period of their foreseen future working life.
In particular, software costs (posted under Balance Sheet asset item "Industrial patents and intellectual property rights") refer to costs for the purchase of basic software and licenses and are directly depreciated with an annual rate of 33.33% and 20%. This depreciation is deemed consistent with the intensity of use and program working life.
If events occur that lead to the presumption of a loss in intangible asset value, the difference between the book value and relevant "recovery value" is posted in the Income statement.

Tangible assets
Assets are posted at purchase or production cost (including directly attributable accessory costs) and include the relevant directly attributable financial charges necessary to make the assets available for use.

Depreciation rates used to systematically divide the depreciable value of tangible assets based on the working lives are the following:

Category	Rate
Land	not depreciated
Civil and industrial buildings	3%
General plants	10%
Specific plants	15%
Temporary construction	12.5%
Various equipment	40%
Metallic formworks	25%
Mechanical excavators and shovels	20%
Transport vehicles	20%
Office furniture and machines	12%
Electric/electronic office machines	20%
Cars, vehicles, etc.	25%

Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Real estate property investments
The real estate investment is a property (land or building - or part of a building - or both) owned (by the owner or renter through a financial lease contract) in order to attain rental fees or to appreciate the invested capital or for both reasons, or even for: (a) use in the production or supply of goods or services or in company administration; or (b) sale, in normal business activities.

Financial lease contracts
Assets purchased with a financial lease operation are posted in the Balance Sheet under assets at their "fair value" or, if inferior, at the current value of the fees due for their purchase, determined using the implicit leasing interest rate, offset, under liabilities, by a financial payable to the lessee. Any direct costs sustained to define the lease contract (i.e.: negotiation costs and financial lease operation costs) are posted to increase the value of the asset.

Leased assets are systematically depreciated using the depreciation criteria used for owned assets of the same type. Should there not be reasonable certainty that the asset will be purchased at the end of the lease, it is fully depreciated in the lease contract duration or its working life, whichever is shorter.
Leasing instalments are divided between reimbursed capital and financial charges posted by accrual in the Income statement.
Routine tangible asset maintenance costs are posted in the Income Statement in the year in which they are sustained.

Financial assets available for sale
This category includes shares not held for trading and non-controlling interests in subsidiaries, associates and joint ventures.
These assets are posted at "fair value" at the date of settlement of the transaction; gains and losses arising from any subsequent changes in the "fair value" are recognised using, as an offset, net equity until the moment in which the asset is sold and the result is detected, therefore, in the income statement.
The following are taken into account in determining the "fair value" at the year end: i) the listing price of the security on active markets or the listing price of similar securities, ii) variables other than prices quoted in active markets that are observable in the market either directly (as prices) or indirectly (derived from prices) iii) the values reflected in recent appraisals or transactions (values that are not always based on observable market values); if the "fair value" cannot be reliably determined, the financial asset is valued at cost. At each reporting date or interim reporting period, the existence of any significant losses/impairment is checked and, if found, the related loss is posted in the income statement, for listed securities, at market prices and for unlisted securities at the present value of estimated future cash flows, discounted at the effective interest rate. In particular, with regard to the listed securities, the impairment parameters are made up of a reduction in the fair value indicatively higher than one third or is prolonged for more than 18 months compared to the value originally entered; posting an impairment in the income statement is still subject to an evaluation of each investment that takes into account, inter alia, particularly volatile trends or market anomalies. If, subsequently, the reasons for the loss cease, write-ups are posted to net equity.

Financial assets held for negotiation
These include financial assets/securities held for negotiation purposes. They are posted at "fair value" at the transaction date; profits and losses due to any subsequent changes to fair value are posted in the Income statement. Should the "fair value" not be reliably determined, the financial asset is posted at cost, adjusted for any value losses. The original value is reinstated in subsequent accounting periods, if the reasons for the write-downs made cease to exist.

Held-to-maturity financial assets
These include debt securities with fixed or specifiable payments and set term intended - upon acquisition - to be held until maturity.
They are posted at "fair value" upon their acquisition. Subsequently, they are measured at the "depreciated cost" using the "actual interest" criteria, assimilating - in the Income statement - any value losses. The original value is reinstated in subsequent accounting periods, if the reasons for the write-downs made cease to exist.

Loans and receivables
These are initially posted at their "fair value" (including costs incurred for purchase/issue) at transaction date. Subsequently, they are measured at the "depreciated cost" using the "actual interest" criteria, assimilating - in the Income statement - any value losses.
The original value is reinstated in subsequent accounting periods, if the reasons for the write-downs made cease to exist.

Inventories and contractual assets

Raw, ancillary and consumable materials and semi-finished, finished products and goods
Inventories are measured at the lower of purchase or production cost, determined according

to the method of the average weighted cost of the period, and the net realizable value.

Work in progress on order/Contractual assets
These are measured, based on agreed fees, according to construction/production progress at the date of reference of the accounting situation, according to the "percent completion" method determined with the physical measurement method. Advances paid by purchasers are detracted from the value of inventories within the limit of the fees accrued; the excess part is posted under liabilities. Any expected losses are posted in the Income statement.
Requests for additional fees due to changes to contract work and other claims due, for example, for higher charges sustained for reasons attributable to the purchaser, are posted in the financial statements for the entire fee amount when and to the extent of probability the counter-party accepts them.

Liquid funds and equivalents
Liquid funds include cash on hand, including cheques and bank and postal deposits payable on sight. Equivalents are represented by financial investments maturing by or before a three-month period (from purchase date), readily convertible in liquid funds and with a negligible risk of change to their value.
These items are posted at "fair value"; profits and losses due to any subsequent changes to fair value are posted in the Income statement.

Non-current assets held for sale/discontinued operations
"Non-current assets held for sale or disposal groups" the book value of which will be recovered mainly through sale rather than through their continuous use are classified as held for sale and are shown separately from other assets and liabilities in the balance sheet.
A Discontinued Operation represents a part of the entity that has been disposed of or classified as held for sale, and:

- represents an important business unit or geographical business area;
- is part of a coordinated plan for the disposal of an important business unit or geographical business area;
- is a subsidiary acquired exclusively for the purpose of being resold.

The results of discontinued operations – whether disposed of or classified as held for sale – are shown separately in the income statement, net of tax effects. The corresponding values for the previous year, if any, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes. Non-current assets held for sale or disposal groups classified as held for sale are first recognised in accordance with the specific reference IFRS applicable to each asset and liability and subsequently recognised at the lower of the book value and the related fair value, net of sales costs.
Any subsequent impairment losses are recognised directly as an adjustment to non-current assets or disposal groups classified as held for sale with a balancing entry in the income statement. On the other hand, a reversal is recognised for each subsequent increase in the fair value of an asset net of sales costs, but only up to the amount of the impairment loss previously recognised.

Loans and other payables
They are posted, when granted, net of any attributable costs. Subsequently, they are measured at their "depreciated cost" using the "actual interest" criteria.

Provisions for risks and charges
Provisions for risks and charges concern costs and charges of a given type and of certain or probable existence, which on the closing date of the financial year, are undetermined in terms of amount or due date. Allocations are recognised when: (i) there is a current, legal or implicit obligation which originates from a past event; (ii) it is probable that fulfilment of the obligation will be onerous; (iii) the amount of the obligation can be estimated reliably.
Allocated provisions represent the best estimate of the amount necessary to meet the obligation

or to transfer it to third parties on the closing date of the reference period. Should the financial effect be significant in time and the obligation payment dates be reliably estimated, provisions are actualised.

Employee benefits (Severance)
Severance liabilities ("set benefit plan") are determined based on actuarial hypotheses and are posted, upon accrual, consistent with the employment period necessary to attain the benefits; the liability is measured with the assistance of independent Actuaries.
Actuary profits and losses for these programs, due to changes in the actuary assumptions or program conditions, are posted in the net equity included in the comprehensive income statement when they occur.

Revenues
Revenues are posted - on an accrual basis - when it is probable that the future economic benefits will be used by the Company and their value can be reliably determined; specifically:

Sales revenue
Revenue due to the product sales are posted when the risks are transferred to the purchaser, time that generally coincides with the shipment/delivery.

Service revenue
Service revenue is posted based on the accrued fee.

Work revenue
Revenue accrued during the period for contract work in progress is posted based on the agreed fees in proportion to work progress according to the "percent completion" method determined with the physical measurement method.

Dividends
Dividends paid by non consolidated companies are posted when the right to receive payment is set, corresponding to the distribution resolution by the subsidiary's Shareholders' Assembly. Any dividend advances are posted when distribution is resolved by the subsidiary's Board of Directors.

Grants
Grants are posted when reasonable certainty exists that they will be received and all the related distribution conditions are satisfied. Capital grants are posted in the Balance Sheet as an offset to the asset posting to which they refer. Working grants are posted as income and systematically divided over the various years to compensate associated costs.

Financial income
Financial income includes interest receivable on bank and postal deposits, profits and positive currency exchange differences. Interest receivable is posted in the Income Statement upon accrual, at the actual rate of return.

Financial expenses
Financial expenses are posted as costs in the year in which they are sustained except for those that are directly attributable to the construction of reversible assets and other assets that are, therefore, capitalised as an integral part of production cost. Financial charge capitalisation begins when work is in progress to prepare the asset for its use and is interrupted when these assets are substantially completed.

Income taxes
Current and deferred taxes are posted in the Income statement if not associated with operations directly posted in net equity.
Income taxes are posted based on an estimate of taxable income and in compliance with the provisions of tax laws.
"Deferred tax liabilities" and "Deferred tax assets" are calculated – according to IAS 12 – on the time differences between the value recognised for tax purposes on an asset or liability and its book value in the Balance Sheet, should it be probable – in the foreseeable future – that these differences cease to exist.
The amount of "deferred tax liabilities" or "deferred tax assets" is determined based on tax rates – set by current tax laws at the date of reference of the single account postings – expected to be applied in the period in which the tax asset is realised or the tax liability extinguished.

Deferred tax assets are posted when their recovery is probable. Deferred tax assets and deferred tax liabilities are compensated in the balance sheet if legally admissible.

Derivative financial instruments

Derivative financial instruments are assets and liabilities posted at fair value. The fair value of derivative financial instruments is determined by discounting expected cash flows, using the market interest rate curve at the reporting date and the curve of the listed credit default swaps of the counterparty, to include the risk of non-performance explicitly envisaged by IFRS 13.

Derivatives are classified as hedge instruments when the relationship between the derivative and the subject being hedged is formally documented and the effectiveness of the hedge, which is periodically verified, is high. When the hedges cover the hedge fair value variation risk (*fair value hedge;* i.e.: hedge on fixed rate asset/liability fair value variability), hedges are posted at fair value with the effects posted in the Income statement; consistently, hedges are adjusted to reflect the fair value variations associated with the covered risk. When hedges cover cash flow variation risks (*cash flow hedge*; i.e.: hedge on floating rate asset/liability cash flow variability), hedge fair value variations are initially posted under net equity and later in the income statement consistent with the economic effects produced by the covered operation. Hedge *fair value* variations that do not meet the condition to be qualified as hedges are posted in the income statement.

Asset value losses *(impairment test)*

Company asset book values are measured at each year end to determine whether there are indications of value loss, in which case the recoverable value of the asset is estimated. Impairment is posted in the Income statement when the book value of an asset or generating unit of cash flows exceeds the recoverable value. Intangible assets with an indefinite useful life (goodwill) are tested annually and whenever there is an indication of a possible impairment in value in order to determine whether such impairment exists.

The recoverable value of non financial assets is recorded at the greater of its fair value, net of sales costs, and its use value. For the determination of use value, estimated future cash flows are actualised using a discount rate that reflects the current market value of money and risks associated with the type of asset. For assets that do not generate incoming cash flows that are widely independent, the recoverable value of the cash flow generating unit the asset belongs to is calculated.

When, subsequently, an impairment on an asset other than goodwill and other assets with indefinite working life, no longer exists or decreases, the asset accounting value or cash-generating unit is increased to the revised estimate of the recoverable value and can not exceed the amount that any impairment would have had if it had not been detected. The reversal is recognised immediately in the income statement.

Conversion of currency items

Transactions in currencies other than the functional currency are posted at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted to the exchange rate prevailing at the end of the reporting period and any emerging exchange differences are reflected in the income statement. Non-monetary assets and liabilities denominated in foreign currency and posted at historical cost are converted using the exchange rate in force on the date of initial recognition of the transaction.

Branch conversion in financial statement currency

The account balances of the branches that are expressed in local currency have been converted into Euro, pursuant to IAS 21, applying to the balance sheet items the exchange rate in place at the end of the year and to the income statement items average operating exchange rates. The positive and negative differences due to the conversion in Euro at the end of the year must be posted to a net equity reserve named "Exchange gains reserves".

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss by the weighted average of the Company's shares outstanding during the year.

Reconciliation required by IFRS 1

The following reconciliation statements have been prepared only for the purposes of transition to the IFRS adopted by the European Commission.

IAS/IFRS Balance Sheet as at 1 January 2017 and 31 December 2017 and the IAS/IFRS income statement for the year ended 31 December 2017

The following section illustrates the reconciliation statements required by paragraph 24 of IFRS 1 which highlight the reconciliation between the values published at the time, prepared in accordance with Italian accounting principles and the corresponding values restated based on IAS/IFRS. Following are the prospects of Balance Sheet as at 1 January 2017 and 31 December 2017 and of the Income Statement for financial year 2017, which highlight:

- figures calculated under Italian GAAP reclassified in accordance with IAS/IFRS;
- the adjustments for the adaptations to the IAS/IFRS principles.

Balance Sheet as at 1 January 2017

	IAS/IFRS reclassified Italian accounting standards	IAS/IFRS reclassified	IAS/IFRS values	Notes
Assets				
Non-current assets				
Intangible fixed assets	6.414	(25)	6.389	
Tangible assets	32.423	3.339	35.762	1
Non-current financial assets	140.177		140.177	2
Deferred tax assets	6.172	285	6.457	3
Total non-current assets	**185.186**	**3.599**	**188.785**	
Current assets				
Inventories and contractual assets	110.700	274	110.974	4
Trade receivables	199.634	3	199.637	
Current tax assets	2.540		2.540	
Financial receivables assets	-		-	
Other receivables	10.436	(50)	10.386	5
Liquid funds and equivalents	36.305		36.305	
Subtotal current assets	**359.615**	**227**	**359.842**	
Discontinued operations/Non-current assets held for sale	-		-	
Total current assets	**359.615**	**227**	**359.842**	
Total Assets	**544.801**	**3.826**	**548.627**	

	IAS/IFRS reclassified Italian accounting standards	IAS/IFRS reclassified	IAS/IFRS values	Notes
Net equity and liabilities				
Total net equity	**232.063**	**3.006**	**235.069**	**6**
Non-current liabilities				
Contingency and severance reserves	11.710	147	11.857	7
Other payables and contractual liabilities	331		331	
Bank payables	20.000		20.000	
Other financial payables	-	850	850	8
Deferred tax liabilities	-	1.377	1.377	9
Total non-current liabilities	**32.041**	**2.374**	**34.415**	
Current liabilities				
Trade payables	117.712		117.712	
Other payables and contractual liabilities	133.080	(2.459)	130.621	10
Bank payables	27.909		27.909	
Other financial payables	-	905	905	11
Current tax liabilities	1.996		1.996	
Total current liabilities	**280.697**	**(1.554)**	**279.143**	
Total liabilities	**312.738**	**820**	**313.558**	
Total liabilities and net equity	**544.801**	**3.826**	**548.627**	

Balance Sheet as at 31 December 2017

	IAS/IFRS reclassified Italian accounting standards	IAS/IFRS reclassified	IAS/IFRS values	Notes
Assets				
Non-current assets				
Intangible fixed assets	3.019	11	3.030	
Tangible assets	33.370	1.978	35.348	1
Non-current financial assets	175.560	1.389	176.949	2
Deferred tax assets	6.862	277	7.139 3	
Total non-current assets	**218.811**	**3.655**	**222.466**	
Current assets				
Inventories and contractual assets	140.319	248	140.567	4
Trade receivables	190.380		190.380	
Current tax assets	3.688		3.688	
Financial receivables assets	-		-	
Other receivables	7.164	(37)	7.127 5	
Liquid funds and equivalents	49.084		49.084	
Subtotal current assets	**390.635**	**211**	**390.846**	
Discontinued operations/Non-current assets held for sale	10.931		10.931	
Total current assets	**401.566**	**211**	**401.777**	
Total Assets	**620.377**	**3.866**	**624.243**	

	IAS/IFRS reclassified Italian accounting standards	IAS/IFRS reclassified	IAS/IFRS values	Notes
Net equity and liabilities				
Total net equity	**231.569**	**4.161**	**235.730**	**6**
Non-current liabilities				
Contingency and severance reserves	9.943	114	10.057	7
Other payables and contractual liabilities	10.431		10.431	
Bank payables	40.513		40.513	
Other financial payables	-	329	329	8
Deferred tax liabilities	-	1.275	1.275	9
Total non-current liabilities	**60.887**	**1.718**	**62.605**	
Current liabilities				
Trade payables	90.943		90.943	
Other payables and contractual liabilities	199.323	(2.516)	196.807	10
Bank payables	35.792		35.792	
Other financial payables	-	503	503	11
Current tax liabilities	1.863		1.863	
Total current liabilities	**327.921**	**(2.013)**	**325.908**	
Total liabilities	**388.808**	**(295)**	**388.513**	
Total liabilities and net equity	**620.377**	**3.866**	**624.243**	

Income Statement as at 31 December 2017

	IAS/IFRS reclassified Italian accounting standards	IAS/IFRS reclassified	IAS/IFRS values	Notes
Revenues				
1. revenues from contracts with customers	313.806	43	313.849	1
2. changes in work in progress, semifinished and finished products	2.017	-	2.017	
3. other revenue	10.977	(221)	10.757	2
Total Revenue	**326.800**	**(178)**	**326.622**	
4. Employee costs	(49.994)	83	(49.912)	3
5. Service costs	(216.412)	-	(216.412)	
6. Raw material costs	(37.106)	-	(37.106)	
7. Other costs	(8.257)	859	(7.398)	4
8. Amortisation and depreciation	(7.149)	(1.031)	(8.180)	5
9. Other provisions for risks and charges	(1.542)	-	(1.542)	
10. Financial income:	-	-	-	
a. from equity investments	1.385	-	1.385	
b. other	1.751	-	1.751	
11. Financial expenses:	-	-	-	
a. interest payable	(340)	-	(340)	
b. other	(3.698)	(100)	(3.798)	6
12. Profit (loss) from companies assessed with the net equity method:	-	-	-	
Profits (Loss) before taxes	**5.438**	**(367)**	**5.071**	
13. Taxes	-			
a. Current taxes	(2.994)	-	(2.994)	
b. Deferred taxes	372	103	474	7
Profit (loss) for the year	**2.816**	**(264)**	**2.552**	

Notes to the main IAS/IFRS adjustments made to the Balance Sheet items as at 1 January 2017 and at 31 December 2017

Balance Sheet Items - Assets

1) Tangible assets changes are due to:

- reversal of the revaluations pursuant to the law carried out in previous years on Land and Quarry use lands as they are not permitted for IFRS purposes (- Euro 803 thousand at 1 January 2017, - Euro 803 thousand at 31 December 2017);
- valuation according to the financial method of assets held as a result of financial leasing contracts (+ 4,142 thousand Euro at 1 January 2017, +2,781 thousand Euro at 31 December 2017). This method provides for the recording of assets under tangible assets by comparing the related financial liability in the liabilities of the balance sheet.

2) Non-current financial assets: This category includes shares not held for trading and noncontrolling interests in subsidiaries, associates and joint ventures. These assets are posted at "fair value" at the date of settlement of the transaction; gains and losses arising from any subsequent changes in the "fair value" are recognised using, as an offset, shareholders' equity (0 as at 1 January 2017, + 1,389 thousand Euro as at 31 December 2017).

3) Deferred tax assets: (+285 thousand Euro as at 1 January 2017, +277 thousand Euro as of 31 December 2017). They reflect the asset offset of the tax effects on the IAS/IFRS adjustments made.

4) Inventories and contractual assets: (+274 thousand Euro at 1 January 2017, +248 thousand Euro at 31 December 2017) for IFRS purposes, the valuation at cost of work in progress on orders with interim periods is therefore not permitted, therefore in line with the assessment of the multi-year duration works the value was recalculated based on the percentage of completion determined using the physical measurement method (+2,724 at 1 January 2017, + 2,764 thousand Euro at 31 December 2017).
Following the recalculation of the value of the final inventories on the interim reports, the related advances from the debit account for advances have been reclassified, under liabilities in the balance sheet, to decrease the value of the value recorded under inventories (+ 2,450 at 1 January 2017 and +2,514 thousand Euro as at 31 December 2017).

5) Other receivables: these changes are due to the reversal of prepaid expenses on leased assets following the adoption of the financial method for their recognition (- 50 thousand Euro at 1 January 2017, - 37 thousand Euro at 31 December 2017).

Balance Sheet Items - Liabilities

6) Shareholders' equity reserve: (+3,006 thousand Euro as at 1 January 2017, +4,161 thousand Euro as of 31 December 2017). These changes represent the overall effect of the IAS/IFRS transition.

7) Employee benefits: (+147 thousand Euro as at 1 January 2017, +115 thousand Euro as of 31 December 2017). This adjustment relates to the liability for the Severance Indemnity ("defined benefit plan") determined on the basis of actuarial assumptions and recognised, on an accrual basis, consistently with the working period necessary to obtain the benefits.

8) Other non-current financial payables: (850 thousand Euro as at 1 January 2017, +329 thousand Euro as of 31 December 2017). This adjustment concerns the registration of the quota of financial debt with leasing companies, expiring after the subsequent year, following the adoption of the financial method for the accounting of assets acquired under finance leases.

9) Deferred tax liabilities: (+1,377 thousand Euro as at 1 January 2017, +1,275 thousand Euro as of 31 December 2017). They reflect the liability offset of the tax effects on the IAS/IFRS adjustments made.

10) Other payables and contract liabilities: (-2,459 thousand Euro as at 1 January 2017, -

2,516 thousand Euro as of 31 December 2017). It represents the reclassification of the advances relating to the mid-year works reclassified to decrease the value entered under inventories following the recalculation of the value with the percentage of completion method.

11) Other current financial payables: (+905 thousand Euro as at 1 January 2017, +503 thousand Euro as of 31 December 2017). This adjustment concerns the registration of the quota of financial debt with leasing companies, expiring after the subsequent year, following the adoption of the financial method for the accounting of assets acquired under finance leases.

Adjustments to the income statement items for the year 2017

1) Revenue from customer contracts: (+43 thousand Euro). The increase is represented by the measurement of mid-year works based on the criterion of the percentage of completion, determined on the basis of the method of physical measurement, instead of the criterion of the completed contract (cost).
2) Other revenue: (-221 thousand Euro). It represents the redetermination of capital gains for the sale of leased assets.

3) Employee costs: (-83 thousand Euro). The adjustment is due to the application of IAS 19 - Employee Benefits; the reduction in labour costs depends on the difference between the TFR provision for statutory purposes and the portion accrued by employees in the year recalculated using actuarial methods.

4) Other costs: (-859 thousand Euro). The adjustment is due to the elimination of the rent payable related to assets held through a financial leasing contract accounted for in accordance with IFRS according to the financial method.

5) Amortisation and depreciation: (+1,031 thousand Euro). This adjustment relates to the effects of accounting for leasing contracts based on the financial method.

6) Financial expenses: (+100 thousand Euro). The adjustment concerns the notional interest (interest cost) pertaining to the period in relation to the TFR fund (+ 80 thousand Euro) and interest expense on debts to leasing companies for the asset obtained under financial lease (+ 20 thousand Euro);

7) Income taxes: (+103 thousand Euro). This amount reflects the deferred tax effects of the adjustments to the income statement items.

Shareholders' equity reconciliation statement

Amounts in thousands of Euro	Net equity as of 31.12.2016	Change to Net equity 2017	2017 profits	Net equity as of 31.12.2017
Total amounts according to National Accounting Policies	**232.063**	**(3.309)**	**2.816**	**231.570**
Adjustments:				
1. -Fair value measurement of financial assets		1.389		1.389
3. – Leased assets	2.327	11	(413)	1.925
4. – Severance adjustment	(147)	30	2	(115)
5. – Work in progress inventories	2.721		43	2.764
6. – Asset revaluation reversal	(803)			(803)
7. - Deferred tax effect	(1.092)	(8)	103	(997)
Total amounts according to IFRS international accounting policies	**235.069**	**(1.887)**	**2.551**	**235.733**

Attachments to the notes Explanatory

1st PART

ITINERA S.p.A.
Statement of changes in Shareholding accounts - Financial statements as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no.1

Description	Opening balance			Movements during the year							Closing balance		
	Book cost	Revaluations and Write-downs	Opening balance	Acquisitions/ Increases	Fair value adjustment FTA	Increase for incorporation of Interstrade SpA: Book cost	Increase for incorporation of Interstrade SpA: Write-down reserves	Adjustments	Decreases	(Write-downs) Write-ups	Book cost	Write-downs	Closing balance
Agognate Scarl in liq.	7		7			2					9		9
A.C.I. S.c.p.A - Consorzio Stabile	93	93				34					127		127
A7 Barriere S.c. a r.l.	5	5									5		5
Biandrate Scarl in liq.	7	7				2					9		9
Carisio S.c.a r.l.	10	10									10		10
Castelnuovo Scarl													
Cornigliano 2009 Scarl	8	8									8		8
Cervit Scarl	5	5									5		5
Crispi Scarl	10	10									10		10
Crz01 Scarl	5	5									5		5
Diga Alto Cedrino S.c. a.r.l.	40	40									40		40
Icom Scarl				4				5			9		9
Interstrade S.p.A.													
Itinera Geosystem S.A.r.l.	20	20							(20)				
Lambro Scarl	196	196									196		196
Itinera Brasile	268	268									268		268
Itinera Usa Corp	48.465	48.465									48.465		48.465
Malpensa 2011 Scarl	7	7									7		7
Marcallo Scarl	50	50				1					50		50
Mazzè Scarl	8	8									8		8
Mortara Scarl	7	7									7		7
Ramonti S.c.a r.l.	5	5									5		5
SAM S.p.A.				565							565		565
Sea Segnaletica Stradale S.p.A.				16.600							16.600		16.600
Sinergie Scarl	5	5		5							10		10
Taranto Logistica S.p.A.	12.350		12.350								12.350		12.350
Torre di Isola Scarl	9	9									9		9
Urbantech S.p.A.	140	(140)		631						(485)	771	(625)	146
Terminal Container Civitavecchia Scarl in liq.													
Total Subsidiaries	**61.720**	**(140)**	**61.580**	**17.805**			**38**	**5**	**(20)**	**(485)**	**79.548**	**(625)**	**78.923**

2nd PART

ITINERA S.p.A.
Statement of changes in Shareholding accounts - Financial statements as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no.1

Description	Opening balance			Movements during the year						Closing balance		
	Book cost	Revaluations and Write-downs	Opening balance	Acquisitions/ Increases	Fair value adjustment FTA	Increase for incorporation of Interstrade SpA: Book cost	Increase for incorporation of Interstrade SpA: Write-down reserves	Adjustments	Decreases	(Write-downs) Write-ups	Book cost	Write-downs	Closing balance
Asta Spa	2.584		2.584								2.584		2.584
Aurea Scarl	5	5									5		5
CMC Itinera JV scpa	49		49								49		49
Consorzio Consilfer	28	(26)	3								28	(26)	3
Consorzio Costruttori TEEM	4		4								4		4
Consorzio Cancello Frasso Telesino	5	5									5		5
Fondo Valle S.c.a r.l. in liq.	6	(2)	4								6	(2)	4
Nichelino Village Scarl	5		5								5		5
D.N.C. S.c. a r.l.	4	4							(4)				
Europa Scarl	5		5								5		5
Federici Stirling Batco LLC *	19.182		19.182							(9.182)	19.182	(9.182)	10.000
Formazza S.c.a.r.l. in liq.	2		2								2		2
Gsg Tunnelling Srl in liq.	1.204	(1.204)									1.204	(1.204)	
I.Co.M. Scarl	5		5					(5)					
Interconnessione S.c.a r.l.	5		5								5		5
Letimbro Scarl	49		49								49		49
Lissone Scarl	5		5								5		5
Malco Scarl	5		5								5		5
Marchetti Scarl	4		4								4		4
Mose Bocca di Chioggia Scarl	4		4						(4)				
Mose Operae Scarl	4	4							(4)				
Mose-Treporti Scarl 2 2 (2)													
Ponte Nord S.p.A.	834	(53)	781							(27)	834	(80)	754
Pinerolo S.c.a.r.l. in liq.													
S.A.C. Scarl in liq.	4	(4)	0								4	(4)	0
Serravalle Village S.ca.r.l.	5		5								5		5
Sistemi e Servizi S.c. a r.l.	22		22								22		22
Soc. Aut. Nogara Mare S.c.p.A.	35		35								35		35
Soc. Autovia Padana S.p.A.	49.110		49.110					(164)	(48.946)				
2006 S.c.a.r.l. in liq.													
Tessera Scarl				4							4		4
V.a. Bitumi S.r.l.	465	(106)	359						(359)				
Tunnel Frejus S.c. a r.l.	25		25								25		25
Total Jointly controlled and associate companies	**73.666**	**(1.395)**	**72.271**	**4**				**(169)**	**(49.319)**	**(9.209)**	**24.075**	**(10.497)**	**13.578**

3rd PART

ITINERA S.p.A.
Statement of changes in Shareholding accounts - Financial statements as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no.1

Description	Opening balance			Movements during the year						Closing balance		
	Book cost	Revaluations and Write-downs	Opening balance	Acquisitions/ Increases	Fair value adjustment FTA	Increase for incorporation of Interstrade SpA: Book cost	Increase for incorporation of Interstrade SpA: Write-down reserves	Adjustments	Decreases	(Write-downs) Write-ups	Book cost	Write-downs	Closing balance
Autostrada AT-CN S.p.A.	10.000		10.000								10.000		10.000
Euroimpianti Electronic S.p.A.	298		298								298		298
Soc. di progetto Autovia Padana Spa								164			164		164
Total Companies controlled by parent company	**10.298**		**10.298**					**164**			**10.462**		**10.462**
Abesca Europa Srl	261	(103)	158								261	(103)	158
Argentea Gestioni S.c.p.A.	17		17						(17)				
Autostrade Centropadane S.p.A	1.660		1.660								1.660		1.660
REstart SIIQ S.p.A.	13.633	(7.096)	6.537		1.389			(1.897)		(5.743)	11.736	(11.450)	286
Cons.Costr.Veneti S.Marco	14		14						(14)				
Daita Scarl	8	8									8		8
M.N. Metropolitana Napoli S.p.A.													
M.N. 6 Scarl	1		1								1		1
Milano Depur S.p.a.	2		2								2		2
Nosedo Scarl 0 0 (0)													
Passante Dorico S.p.A.	2.640	(17)	2.623								2.640	(17)	2.623
AEDES SIIQ S.p.A.								1.897			1.897		1.897
Seveso Scarl in liq.	0		0								0		0
Soc.Aut. Broni-Mortara S.p.A	931	(59)	873							(37)	931	(95)	836
TRA.DE.CI.V. Consorzio Tratta Determinante													
Città Vitale	4	(4)									4	(4)	
Tangenziale esterna S.p.A.	0		0								0		0
TEM S.p.A. 140 140 140													
Tubosider S.p.A.	4.000	(3.336)	664								4.000	(3.336)	664
Vettabbia Scarl 0 0 0 0													
Total Others	**23.172**	**(10.615)**	**12.558**		**1.389**	**140**			**(32)**	**(5.779)**	**23.280**	**(15.005)**	**8.275**
Total	**168.856**	**(12.149)**	**156.707**	**17.809**	**1.389**	**178**			**(49.371)**	**(15.473)**	**137.365**	**(26.127)**	**111.238**

Note: There is a joint control agreement with BATCO HOLDING S.A.L. for Federici Stirling Batco LLC. Project companies Brebemi and Argentea Gestioni S.c.p.a are reclassified under item 8 Other Receivables

1st PART

ITINERA S.p.A.
List of shareholdings held as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no. 2

Subsidiary Company	Type	Registered Office	Share capital	Number of shares	Net equity	Last year's results	Share held	Face Value of shares held	Net equity share	Book value	Notes
A7 Barriere S.c. a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		51,000%	5	5	5	
A.C.I. S.c.p.A. - Consorzio Stabile	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	130	130.000	130		97,419%	127	127	127	
Agognate S.c.a r.l. in liq.	Subsidiary	15057 Tortona (AL), Str.Priv.Ansaldi 8	10		10		94,900%	9	9	9	
Biandrate S.c.a r.l. in liq.	Subsidiary	15057 Tortona (AL), Str.Priv.Ansaldi 8	10		10		94,900%	9	9	9	
Cervit S.c.a r.l.	Subsidiary	20151 Milano, Via Antonio Cechov 50	10		10		51,000%	5	5	5	
Carisio S.c.a r.l. in liq.	Subsidiary	15057 Tortona (AL), Via Balustra 15	10		10		96,000%	10	10	10	
Cornigliano 2009 S.ca. r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		77,900%	8	8	8	
Crispi S.c.a r.l. with sole shareholder in liq.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		100,000%	10	10	10	
Crz01 S.ca. r.l. in liq.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		50,750%	5	5	5	
Diga Alto Cedrino S.c. a r.l.	Subsidiary	15057 Tortona (AL), Via Balustra 15	50		50		80,000%	40	40	40	
I.Co.M. S.c. a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		93,000%	9	9	9	
Itinera Construcoes Ltda	Subsidiary	San Paolo (BRASILE) - Vila Nova Conceicao	298	298	555	360,00	90,000%	268	500	268	
Itinera USA Corp	Subsidiary	2140 S Dupont Highway Street, Camden Delaware	48.465		46.486	(294,00)	100,000%	48.465	46.486	48.465	
Lambro S.c.a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	200		200		97,210%	194	194	196	
Malpensa 2011 Scarl	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		65,000%	7	7	7	
Marcallo S.c.a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50		50		100,000%	50	50	50	
Mazzè S.c.a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		80,000%	8	8	8	
Mortara Scarl in liq.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		70,000%	7	7	7	
Ramonti S.c.a r.l. in liq.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		51,000%	5	5	5	
SAM Società Attività Marittime	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	500	500.000	555	10	100,000%	500	555	565	
SEA Segnaletica Stradale S.p.A.	Subsidiary	15057 Tortona (AL), Regione Ratto	500		15.357	3.820	100,000%	500	15.357	16.600	
Sinergie S.c.a r.l. in liq.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		100,000%	10	10	10	
Storstroem bridge JV I/S	Subsidiary	4760 Vordingborg (Denmark) - Færgegaardsvej 15 L				637	99,980%				
Taranto Logistica S.p.A.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	13.000	13.000.000	10.808	195	95,000%	12.350	10.268	12.350	
Urbantech S.p.A.	Subsidiary	56025 Pontedera (PI) - Via Lombardia, 34	131	130.907	146	216	100,000%	131	146	146	
Torre di Isola S.c.a r.l.	Subsidiary	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10		10		99,900%	10	10	9	
Total subsidiaries								**62.743**	**73.839**	**78.923**	

2st PART

ITINERA S.p.A.
List of shareholdings held as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no. 2

Subsidiary Company	Type	Registered Office	Share capital	Number of shares	Net equity	Last year's results	Share held	Face Value of shares held	Net equity share	Book value	Notes
Asta S.p.A.	Associated company	10143 Torino, Via Piffetti 15	6.000	6.000.000	7.890	1.254	30,002%	1.800	2.367	2.584	(1)
Aurea S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			49,850%	5	5	5	
CMC Itinera jv scpa	Associated company	Ravenna, Via Trieste	100.000	100.000			49,000%	49.000	49.000	49	
Consorzio Frasso Telesino	Associated company	43121 Parma - Via Anna Maria Adorni 1	15.000	15.000			33,000%	4.950	4.950	5	
Consorzio TEEM	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			34,999%	3	3	4	
Consorzio CON.SI.L.FER.	Associated company	Roma - Via Indonesia 100 5 5 50,000% 3 3 3									
Europa S.c.a r.l.	Associated company	43121 Parma - Via Anna Maria Adorni 1	10	10			50,000%	5	5	5	
Federici Stirling Batco LLC A	Joint control	Muscat (Oman) - P.O. BOX 1179 AL ATHAIBA, 130	2.169		(1.041)	10.409	34,300%	744	(357)	10.000	(4)
Fondo Valle S.c.a r.l. (in liq.)	Associated company	Tortona (AL) - Str. Priv. Ansaldi 8	10	10			39,330%	4	4	4	
Formazza S.c.a r.l. in liq.	Associated company	15057 Tortona (AL), Str.Priv.Ansaldi, 8	10	10			33,333%	3	3	2	
Gsg Tunneling S.r.l. in liq.	Associated company	00139 Roma, Piazza Fernando De Lucia, 65	10	11	(29)		33,000%	3	4		
Interconnessione S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			49,900%	5	5	5	
Letimbro S.c.ar.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	100	100			49,000%	49	49	49	
Lissone S.c.a r.l. in liq.	Associated company	20147 Milano, Via Marcello Nizzoli 4	10	10			50,000%	5	5	5	
Malco S.c.a r.l.	Associated company	36100 Vicenza - Viale dell'Industria 42	10	10			50,000%	5	5	5	
Marchetti S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			36,770%	4	4	4	
Nichelino Village S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			50,000%	5	5	5	
Ponte Nord S.p.A.	Associated company	43121 Parma - Via Anna Maria Adorni 1	1.667	16.670	1.508	(53)	50,000%	834	754	754	(1)
S.A.C. s.r.l. consortile (in liq.)	Associated company	Carini (PA) - S.S. 113 zona industriale	10		10		35,000%	4	4		
Sistemi e Servizi S.c.a r.l.	Associated company	15057 Tortona (AL), Str. Prov.Lomellina 3/13	100		100		22,000%	22	22	22	
Soc.Aut. Nogara Mare Adriatico S.c.p.A. in liq.	Associated company	37135 Verona, Via Flavio Gioia 71	120	120.000	120		29,000%	35	35	35	
Serravalle Village S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			50,000%	5	5	5	
Tessera S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	10	10			39,240%	4	4	4	
Tunnel Frejus S.c.a r.l.	Associated company	15057 Tortona (AL), Strada Statale per Alessandria 6/a	50	50			50,000%	25	25	25	
Total jointly controlled and associate companies								**57.532**	**57.289**	**13.578**	

3rd PART

ITINERA S.p.A.
List of shareholdings held as at 31.12.2018 (Values expressed in thousands of Euro)

Annex no. 2

Subsidiary Company	Type	Registered Office	Share capital	Number of shares	Net equity	Last year's results	Share held	Face Value of shares held	Net equity share	Book value	Notes
Autostrada AT-CN S.p.A.	Other	00187 Roma, Via XX Settembre 98/E	200.000	200.000.000	202.475	1.144	5,000%	10.000	10.124	10.000	(1)
Euroimpianti S.p.A.	Other	Tortona (AL) - Via Balustra 15	120	120.000	16.731	1.882	5,000%	6	837	298	
Soc. di progetto Autovia Padana Spa	Other	15057 Tortona (AL), Str. Prov.Lomellina 3/13	163.700	163.700.000	171.309	8.002	0,100%	164	171	164	
Total companies subject to parent company's control							**10.170**	**11.132**	**10.462**		
Abesca Europe S.r.l.	Other	39100 Bolzano, Via Galileo Galilei 10	100		810	(220)	19,523%	20	158	158	(1)
AEDES SIIQ S.p.A.	Other	20143 Milano, Via Morimondo 26	210.000	32.030.344	210.000		5,287%	11.103	11.103	1.897	(3)
Autostrade Centro Padane S.p.A.	Other	26100 Cremona - Località San Felice	30.000	3.000.000	98.543.411	22.929	1,631%	489	1.607.342	1.660	(1)
Daita S.c.a r.l.	Other	93100 Caltanissetta, Via N.Colajanni 314/E	10		10		80,000%	8	8	8	
M.N. Metropolitana Napoli S.p.A.	Other	80142 Napoli Via Galileo Ferraris 101	3.655	7.310.794	27.232	(3.242)	0,000%	0	0		(1)
M.N. 6 S.c.a r.l.	Other	80142 Napoli Via Galileo Ferraris 101	51		51		1,000%	1	1	1	
Milano Depur S.p.A.	Other	20141 Milano, Via Lampedusa 13	1.900	1.900.000	2.365	(1.429)	0,100%	2	2	2	(1)
Passante Dorico S.p.A.	Other	20142 Milano, Via dei Missaglia n.97	24.000	24.000.000	23.843	(62)	11,000%	2.640	2.623	2.623	(1)
Restart SIIQ S.p.A.	Other	20143 Milano, Via Morimondo 26	5.000	31.980.344	5.000.166		5,296%	265	265	286	(3)
Seveso S.c.a r.l. in liq.	Other	20159 Milano, Via Valtellina 17	10		10		1,500%	0	0	0	
S.I.CO.GEN. S.r.l.	Other	10156 Torino, Torino Strada della Cebrosa 86	260.000	260.000	4.464.305	542.997	15,000%	39.000	669.646	140	
Soc.Aut. Broni-Mortara S.p.A.	Other	20142 Milano, Via dei Missaglia n.97	28.903	28.902.600	25.961	(1.138)	3,220%	931	836	836	(1)
Consorzio TRA.DE.CI.V.	Other	90144 Napoli, Via G. Ferraris 101	156		156		0,000%	0	0		
Tangenziale Esterna S.p.A.	Other	20124 Milano, Viale della Liberazione 18	464.945	464.945.000	354.746	(36.291)				0	(1)
Tubosider S.p.A.	Other	10143 Torino, Via Palmieri, 29	9.331	9.331.017	7.439	(1.765)	14,657%	1.368	1.090	664	(2)
Vettabbia S.c.a r.l.	Other	20141 Milano, Via Lampedusa 13	100		100		0,100%	0	0	0	
Total other companies								**55.826**	**2.293.073**	**8.275**	
Overall total								**186.270**	**2.435.333**	**111.238**	

Notes:
(1) Financial statement data as at 31.12.2017
(2) shares were reclassified among class III) Financial non-current assets.
(3) Data from statement of accounts as at 30 June 2017
(4) Market listings as at 28 December 2018, last listing date in 2018.
(5) Data as at 31/10/2018

ITINERA S.p.A.
Annex 3 to the Explanatory Notes to the Financial Statements as at December 31, 2018
Financial Statements as at 31 December 2017 of ASTM - S.p.A.,
parent company exercising "direction and coordination" (in thousands of Euro)

ASSETS

Amounts in thousands of Euro	**31/12/2017**
Intangible assets	41
Tangible assets	6.412
Non-current financial assets	1.862.059
Deferred tax assets	2.757
Total non-current assets	**1.871.269**
Liquid funds and equivalents	6.255
Other current assets	2.283
Total current assets	**8.538**
TOTAL ASSETS	**1.879.807**

NET EQUITY AND LIABILITIES

Amounts in thousands of Euro	**31/12/2017**
Share capital	46.250
Retained earnings	1.794.735
Total Shareholders' equity	**1.840.985**
Contingency and severance reserves	874
Trade payables	0
Other payables	0
Bank payables	34.983
Other financial payables	0
Deferred tax liabilities	4
Total non-current liabilities	**35.861**
Trade payables	1.171
Other payables	814
Bank payables	11
Other financial payables	192
Current tax liabilities	773
Total current liabilities	**2.961**
TOTAL LIABILITIES AND NET EQUITY	**1.879.807**

INCOME STATEMENT

Amounts in thousands of Euro	**2017**
Financial income and costs	50.615
Value adjustments of financial assets	(897)
Other operating revenues	2.553
Other operating costs	(10.089)
Taxes	1.233
Profit (loss) for the year	**43.415**

Note : these financial statements were prepared according to International Accounting Policies IAS/IFRS

1st PART

ITINERA S.p.A.
Summary statement of balances with Group companies as at 31.12.2018 (Values in thousands of Euro)

(Annex 4)

Description	Financial	Inventory works	Advances	Other receivables	Trade	Total assets	PAYABLES			Total liabilities
							Other payables	Net cost reversals	Trade	
Agognate S.c.a.r.l. in liquidation					4	4		(52)		(52)
A.C.I. S.c.p.a. - Consorzio Stabile	550	60.819	(59.545)		38.852	40.676	(1)	(20.060)	(2.534)	(22.595)
A 7 barriere S.c.a r.l. in liquidation				193		193		(67)		(67)
Biandrate S.c.ar.l. in liquidation	50				64	114		(38)		(38)
Carisio S.c.a.r.l.					162	162		(61)		(61)
Cervit S.c.a.r.l.		375	(87)		513	801		(5.033)		(5.033)
Cornigliano 2009 S.ca. r.l.				37	51	88		29	(140)	(111)
Crispi S.c.a r.l. with sole shareholder in liquidation	50					50		(12)		(12)
CRZ01 S.c.ar.l. in liquidation				59		59		(5)	(119)	(124)
Diga Alto Cedrino S.c.a r.l.	1.610				2.534	4.144		(2.098)		(2.098)
I.Co.M. S.c. a r.l.	20					20		(9)		(9)
Itinera Construcoes LTDA					102	102				
Itinera USA Corp	4.279				776	5.055				
Lambro S.c.a r.l.				30	1.819	1.849		(8.628)	(21)	(8.649)
Malpensa 2011 S.c.a.r.l. in liquidation				1		1			334	334
Marcallo S.c.ar.l.					723	723		(182)	(162)	(344)
Mazzè S.c.ar.l.					230	230		(25)	(51)	(76)
Mortara S.c.ar.l. in liquidation					70	70			(3)	(3)
Ramonti S.c.a r.l. in liquidation	178				24	202		121	31	152
Sea Segnaletica Stradale S.p.A.				3.000	370	3.370			(933)	(933)
Sinergie S.c.a r.l. in liquidation	77					77		(9)	(7)	(16)
Società Attività Marittime S.p.A. (SAM S.p.A.)				968		968				
Storstroem Bridge JV I/S					5.682	5.682				
Taranto Logistica S.p.A.		173.589	(173.042)		30	577				
Torre di Isola S.c.a.r.l.		2.014	(2.006)	654	5.354	6.016		(6.769)	(573)	(7.342)
Urbantech S.p.A.									(70)	(70)
Total subsidiaries	**6.814**	**236.797**	**(234.680)**	**4.942**	**57.360**	**71.233**	**(1)**	**(42.898)**	**(4.248)**	**(47.147)**

2nd PART

ITINERA S.p.A.
Summary statement of balances with Group companies as at 31.12.2018 (Values in thousands of Euro)

(Annex 4)

Description	Financial	Inventory works	Advances	Other receivables	Trade	Total assets	PAYABLES			Total liabilities
							Other payables	Net cost reversals	Trade	
Aurea S.c.a r.l		376		1	7.738	8.115		(5.664)		(5.664)
CMC Itinera JV Scpa					16	16	(6.533)	(11.269)		(17.802)
Consorzio Cancello Frasso Telesino					116	116		(1.809)	(380)	(2.189)
Consorzio Costruttori TEEM		(136)			7.094	6.958		(7.304)		(7.304)
Consorzio CON.SI.L.FER.									(4)	(4)
Europa S.c.a.r.l.										
Federici Stirling Batco LLC	8.085					8.085				
Fondo Valle S.c.a.r.l. in liquidation										
Formazza S.c.a r.l. in liq.										
G.s.g. Tunneling S.r.l. in liq.	41					41				
Interconnesione S.c.a r.l.	50	6.486	(5.982)		49	603		(547)	(34)	(581)
Letimbro S.c.a.r.l.					7.177	7.177		(20.396)	(7)	(20.403)
Lissone S.c.a.r.l. in liquidation					54	54		(5)		(5)
Malco S.c.a.r.l.					882	882		(2.746)	(140)	(2.886)
Marchetti S.c.a r.l.								(2)	(3)	(5)
Nichelino Village S.c.a r.l.	1.024					1.024				
Ponte Nord S.p.A.					1.051	1.051	(375)			(375)
Serravalle Village S.c.a. r.l.								38		38
Sistemi e Servizi S.c.a .rl.							(1)		(451)	(452)
Soc.Aut. Nogara Mare Adriatico S.c.p.A.	290			15		305		(14)	(22)	(36)
Tunnel Frejus S.c.a.r.l.	3.000				1.794	4.794		(6.047)	(844)	(6.891)
Total associated companies	**12.490**	**6.726**	**(5.982)**	**16**	**25.971**	**39.221**	**(6.909)**	**(55.765)**	**(1.885)**	**(64.559)**
ASTM S.p.A.					50	50	(172)		(1.449)	(1.621)
AURELIA S.r.l.				484		484				
Total parent companies				**484**	**50**	**534**	**(172)**		**(1.449)**	**(1.621)**

3rd PART

ITINERA S.p.A.
Summary statement of balances with Group companies as at 31.12.2018 (Values in thousands of Euro)

(Annex 4)

Description	Financial	Inventory works	Advances	Other receivables	Trade	Total assets	PAYABLES Other payables	Net cost reversals	Trade	Total liabilities
Appia S.r.l.					3.154	3.154			(22)	(22)
Argo Finanziaria S.p.A.					137	137	(176)		(1.612)	(1.788)
Autoservice 24 S.r.l. with sole shareholder									(1)	(1)
Autostrada Asti-Cuneo S.p.A.		6.716	(2.359)		449	4.806			(12)	(12)
Autostrada dei Fiori S.p.A.		7.631	(3.615)		5.513	9.529	(1.745)		(66)	(1.811)
Autosped G SpA		702			65	767	(49)		(1.167)	(1.216)
Azeta S.R.L. in liquidation					152	152				
Baglietto S.p.A.		22.050	(21.460)			590				
Consorzio Sintec									(188)	(188)
Codelfa S.p.A.		87			570	657	(125)		(1.279)	(1.404)
Consorzio R.F.C.C. in liquidation					13	13				
Compagnia Porto di Civitavecchia S.p.A. in liquidation					3	3				
CTE - Consorzio Tangenziale Engineering							(2.569)			(2.569)
Darsene Nord Civitavecchia S.c.a r.l.				197		197		94	(3.922)	(3.828)
Euroimpianti S.p.A.		50	(50)		523	523	(96)		(5.907)	(6.003)
G&A S.p.A.		3.020	(2.305)			715			(24)	(24)
G&A Schweiz AG									(60)	(60)
Gale S.r.l.									(774)	(774)
Gavio & Torti Casa di Spedizione S.p.A.					1	1				
Impresa Grassetto S.p.A. with sole shareholder in liquidation				486	814	1.300				
I.M.C.O.							(1.020)		(3.559)	(4.579)
Ponte Meier S.c.a.r.l.					63	63				
Rivalta Terminal Europa S.p.A.					1.187	1.187			(12)	(12)
Restart SIIQ (ex AEDES S.p.A.)										
SATAP S.p.A.		1.938	(952)		3.554	4.540			(3)	(3)
S.I.A.S. S.p.A.				164		164				
SINA S.p.A.					323	323	(6)		(1.172)	(1.178)

4th PART

ITINERA S.p.A.
Summary statement of balances with Group companies as at 31.12.2018 (Values in thousands of Euro)

(Annex 4)

Description	Financial	Inventory works	Advances	Other receivables	Trade	Total assets	PAYABLES Other payables	Net cost reversals	Trade	Total liabilities
Sinelec S.p.A.	3	72	(78)		430	427			(3.239)	(3.239)
Sitalfa S.p.A. Bruzolo					134	134	(1)		(9)	(10)
S.A.V. Società Autostrade Valdostane S.p..A.		8.900	(8.895)		455	460			(1)	(1)
S.A.L.T. Soc. Autostrada Ligure Toscana P.A.		1.800	(1.701)		6.091	6.190	(555)		(94)	(649)
Soc. di Progetto Autovia Padana S.p.A.		967	(146)		2.399	3.220				
Terminal San Giorgio S.r.l.					940	940				
Tomato Farm S.c.a r.l.		483			486	969			(42)	(42)
TRA.N.SIDER SpA					1	1			(145)	(145)
Transpe S.p.A.									(40)	(40)
Autostrada Broni Mortara S.p.A.					3	3				
Autostrade centro padane S.p.A.										
SITAF S.p.A.		70.338	(65.821)	485	26	5.028			(485)	(485)
BRE.BE.MI S.p.A.		25.327	(24.378)		496	1.445			(2)	(2)
Tangenziale Esterna S.p.A.									(6)	(6)
ATIVA S.p.A.					220	220				
Si.Co.Gen. S.r.l.					12	12				
Sviluppo Cotorossi S.p.A.		22.964	(22.937)		790	817				
Codel.Ma. S.r.l.					1	1				
Mose Bocca di Chioggia Scarl				1	115	116	(9)	(2.887)	(35)	(2.931)
Mose Treporti					110	110	(10)	(1.226)	(109)	(1.345)
Tubosider S.p.A.					12.388	12.388	(95)		(1.481)	(1.576)
Total Other related parties	**3**	**173.045**	**(154.697)**	**1.333**	**41.618**	**61.302**	**(6.456)**	**(4.019)**	**(25.468)**	**(35.943)**
Totale	**19.307**	**416.568**	**(395.359)**	**6.775**	**124.999**	**172.290**	**(13.538)**	**(102.682)**	**(33.050)**	**(149.270)**

1st PART

ITINERA S.p.A.
Summary statement of economic transactions with Group Companies - Financial Year 2018
Values in thousands of Euro
(Annex no. 5)

COMPANY	Cost of production	Cost reversals	Revenues for works	Other revenue	Financial income
ASTM S.p.A.	(652)		2	104	
Total parent companies	**(652)**		**2**	**104**	
Agognate S.c.a.r.l. in liquidation		(25)			
A.C.I. S.c.p.a. - Consorzio Stabile	(37)	(39.561)	6.425	743	
A 7 barriere S.c.a r.l. in liquidation		(5)			
Biandrate S.c.ar.l. in liquidation		(21)			
Carisio S.c.a r.l. in liquidation		(6)			
Cervit S.c.a.r.l.		(12.310)	1.027	775	
Cornigliano 2009 S.c.a. r.l.		(25)	18		
Crispi S.c.a r.l. with sole shareholder in liquidation		(7)			
Diga Alto Cedrino S.c.a r.l.		(997)	8		32
I.Co.M. S.c. a r.l.		(7)			
Itinera USA Corp			19		45
Lambro S.c.a r.l.		(2.363)	57		
Marcallo S.c.ar.l.	(7)	(180)	5		
Mazzè S.c.ar.l.		(25)	5		
Ramonti S.c.a r.l. in liquidation		(3)	1		
Sea Segnaletica Stradale S.p.A.	(1.516)		2		3.000
Sinergie S.c.a r.l. in liquidation		(6)			
Storstroem Bridge JV I/S			4.254	1.428	
Taranto Logistica S.p.A.			42.142	80	
Torre di Isola S.c.a.r.l.	(19)	(1.250)	145	241	
Urbantech S.p.A.	(59)				
Total subsidiaries	**(1.638)**	**(56.791)**	**54.103**	**3.192**	**3.157**
Aurea S.c.a r.l		(5.664)	12.481	42	
CMC Itinera JV Scpa		(6.674)	54	769	
Consorzio Cancello Frasso Telesino		(2.454)	86	30	
Consorzio Costruttori TEEM		469	1.154		
Consorzio CON.SI.L.FER.	(4)				
Federici Stirling Batco LLC					153
Interconnesione S.c.a r.l.		(1.525)	(12)	262	
Letimbro S.c.a.r.l.	(2)	(14.328)	1.322	375	
Malco S.c.a.r.l.		(1.385)	22	48	
Marchetti S.c.a r.l.		(2)			
Ponte Nord S.p.A.					
Serravalle Village S.c.a. r.l.		38			
Sistemi e Servizi S.c.a .rl.	(252)		17		
Soc.Aut. Nogara Mare Adriatico S.c.p.A.		(14)			
Serravalle Village S.c.a. r.l.		38			
Tunnel Frejus S.c.a.r.l.		(6.151)	513	532	
Total associated companies	**(258)**	**(37.652)**	**15.637**	**2.058**	**153**

2nd PART

ITINERA S.p.A.
Summary statement of economic transactions with Group Companies - Financial Year 2018
Values in thousands of Euro
(Annex no. 5)

COMPANY	Cost of production	Cost reversals	Revenues for works	Other revenue	Financial income
Appia S.r.l.	(20)		1.890		
Argo Finanziaria S.p.A.	(325)				
Autoservice 24 S.r.l. with sole shareholder	(1)				
Autostrada Asti-Cuneo S.p.A.	(58)		3.136		
Autostrada dei Fiori S.p.A.	(10)		15.549	15	
Autosped G SpA	(1.229)		614		
Baglietto S.p.A.			546		
Consorzio Sintec	(46)				
Codelfa S.p.A.	(391)		716	109	
Compagnia Porto di Civitavecchia S.p.A.in liquidation				5	
Darsene Nord Civitavecchia S.c.a r.l.		94			
Euroimpianti S.p.A.	(3.562)		427	21	45
G&A S.p.A.	(5)				
G&A Schweiz AG	(25)				
Gale S.r.l.	(1.734)				
Impresa Grassetto S.p.A. with sole shareholder in liquidation			50		
Rivalta Terminal Europa S.p.A.					
SATAP S.p.A.	(13)		24.878		
S.I.A.S. S.p.A.				104	
SINA S.p.A.	(665)		345		
Sinelec S.p.A.	(3.235)		464		
Sitalfa S.p.A. Bruzolo	(9)		45		
S.A.V. Società Autostrade Valdostane S.p..A.	(3)		4.147		
S.A.L.T. Soc. Autostrada Ligure Toscana P.A.	(65)		18.204	150	
Soc. di Progetto Autovia Padana S.p.A.	(5)		6.746		
Tomato Farm S.c.a r.l.	(53)		224		
TRA.N.SIDER SpA	(177)				
Transpe S.p.A.	(47)				
Autostrada Broni Mortara S.p.A.					3
Autostrade centro padane S.p.A.					541
SITAF S.p.A.			6.295		
BRE.BE.MI S.p.A.	(2)		2.347		249
Tangenziale Esterna S.p.A.	(4)				
ATIVA S.p.A.			137		
Si.Co.Gen. S.r.l.			20	37	
Sviluppo Cotorossi S.p.A.			1.136		
Mose Bocca di Chioggia Scarl		(36)	2		
Mose Treporti		(7)			
Tubosider S.p.A.	(1.054)				639
Total Other related parties	**(12.738)**	**51**	**87.918**	**441**	**1.477**
Total	**(15.286)**	**(94.392)**	**157.660**	**5.795**	**4.787**


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Report of the Board of Auditors on the financial statements as of 31.12.2018

To the ITINERA S.p.A. Shareholders' Assembly

During the year closed as at 31 December 2018, the Board of Auditors carried out its auditing activity according to law, based on the Board of Auditors Code of Conduct recommended by the National Board of Accountants and Auditors.
The current Board of Auditors was appointed by the shareholders' meeting on 10 April 2017 in compliance with the current legal, regulatory and statutory provisions and will terminate its term with the shareholders' meeting for the approval of the financial statements at 31 December 2019.
In relation to changes in the ownership structure of the parent company, with the Shareholders' Meeting of 17 October 2018, the Company proceeded with the reconstitution of the Board of Auditors as a result of the resignation of a standing auditor and an alternate auditor.
The statutory audit assignment pursuant to Legislative Decree 39/2010 and article 165 of Legislative Decree 58/1998, is performed by the company PricewaterhouseCoopers S.p.A. as resolved by the Shareholders' Meeting of 12 April 2016 for the duration of nine financial years (2016-2024).
We have ascertained that the Company draws up its own financial statements in compliance with IAS/IFRS international accounting standards starting from the 2018 financial year.
Therefore, the financial statements were prepared - based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/02/2005 - according to IFRS international accounting criteria issued by the International Accounting Standard Board (IASB) and approved by the European Commission.
It was made available to the Board of Auditors in accordance with the law.

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In compliance with the provisions of art. 2429, paragraph 2, civil code, we report the following regarding the activities carried out and the conclusions we have reached.
In particular, we would like to inform you that:

Supervisory activities

- We monitored the observance of the law and Articles of Association and adherence to correct administrative principles. To the best of our knowledge, it appears that the Company has operated in compliance with these regulations and has complied with the disclosure obligations.
- We attended Shareholders' Assemblies and Board of Directors' meetings, held according to statutory, legal and regulatory standards that regulate their operations and for which, based on available information, we can reasonably assure you that the resolved actions comply with law and the articles of association and were not imprudent, risky, in potential conflict of interest or such to irreparably jeopardise the integrity of shareholders' equity.
- We have obtained information from appointed departments, both during Board of Directors' meetings and during periodic audits, on the general business trends and its foreseen evolution as well as the most significant operations, due to their size or characteristics, put in place by the company and we can reasonably sustain that the actions implemented comply with law and the articles of association and were not imprudent, risky, in potential conflict of interest or in conflict with the shareholder's assembly resolutions or such to irreparably jeopardise the integrity of shareholders' equity.
- In particular, the following extraordinary transactions of greater economic, equity and financial importance carried out by the Company during the year are reported:
  - acquisition of the total ownership of SEA Segnaletica Stradale S.p.A. shareholdings;
  - acquisition of total ownership and merger by incorporation into Itinera Spa of Interstrade S.p.a.;
  - transfer of a business unit to the Società Attività Marittime S.p.A.

For the reasons for these transactions, please refer to what is illustrated by the directors in the specific paragraph of the separate financial statements dedicated to significant events in the 2018 financial year.

In carrying out its activity, the Company is exposed to risks and uncertainties that may be of a general, financial nature or more closely related to the nature and specificity of the activity carried out (so-called operational risks) with respect to which reference is made to what is illustrated by the directors in the Report on Operations, also with reference to the foreseeable evolution of operations.

- We met the Board of Auditors of the parent company and no significant data or information emerged that should be highlighted in this report.
- We acquired information from the documents prepared in virtue of internal audit procedures and no significant data and information worthy of note in this report were revealed.
- We gained awareness of and monitored, insofar as we are competent to do so, the company's organisational structure, by collecting information from department heads. During the period, significant changes occurred in the organisational structure aimed, among other things, at the integration of the internal control system; in particular, the staff function relating to Internal Audit and Compliance was introduced, while the Cost Control Coordination function was set up within the Administration, Finance, Control, Corporate and Information Systems Department.
- The Company has adopted the "Organisation, management and control model pursuant to Legislative Decree n. 231/2001", providing, over time, for the appropriate updates in relation to the progressive extension of the scope of application of Legislative Decree 231/2001, which involves a process of ongoing maintenance of the Model still in progress and with respect to which the Supervisory Body has deemed it appropriate to suggest to verify the adequacy of the 231 Model in relation to the expansion of the Company's activity in foreign markets, to the recent changes in the organisational structure in terms of macro-structure and to the additional extraordinary operations carried out in the period in question, as mentioned above through the performance of a targeted analysis of sensitive activities and 231 risk profiles (risk assessment 231);
- The company promoted the Code of Ethics and of Conduct with personnel and third parties and, more in general, adjusting it to business activities.
- The Board maintains continuous relations with the Supervisory Board, also thanks to the presence of a member of the same Board within the Supervisory Board;
- We reviewed the Supervisory Board's reports and no critical situations emerged concerning the correct implementation of the current organisational model worthy of note in this report.
- For the first time, the Company has also approved the Sustainability Report of Itinera and its consolidated subsidiaries in full reference to the financial year ended 31 December 2018. The document has been subjected to limited assurance (according to the criteria indicated by the ISAE 3000 Revised principle) by Deloitte & Touche.
- We gained awareness of and monitored, insofar as we are competent to do so, the suitability and function of the administrative and accounting system, in addition to its suitability in providing a correct representation of management events, by means of obtaining information from the department managers, the individual in charge of the legal audit and examining company documents. During the year, with regard to the administrative-accounting organisational area, the Company appointed a new head of the Administration, Finance, Corporate Control and Information Systems Department (CFO) following the assumption of the same role in ASTM S.p.A. by its predecessor, with consequent attribution to the identified subject also of the function of person in charge of preparing the corporate accounting documents.
- We monitored the observance of the rules that regulate operations with related parties and have no particular comments to make.
- The activities conducted by the individual assigned to legally audit the accounts and meetings with their contact did not reveal significant data and information worthy of note in this report.

- During 2018, the Board of Auditors received no disputes pursuant to Civil Code ex article 2408.
- During the year, the Board of Auditors issued two opinions pursuant to Article 2389, Paragraph 3, of the Civil Code, the opinion envisaged for the appointment of the Manager responsible for preparing the corporate accounting documents and an authorisation to co-opt a director pursuant to art. 2386, Paragraph 1, of the Civil Code.
- During the supervisory activities as described above, no other significant events emerged such as to be worthy of note in this Report.

Financial statements

We have examined the Financial Staments for the financial year ended as at 31 December 2018, which were made available to us within the terms pursuant to art. 2429 of the Italian Civil Code.

We would therefore inform you of the following. As we are not entrusted with the legal auditing of the accounts, we have monitored their general layout and their general compliance with the law with regards to their preparation and structure.

On this regard, we confirm that the company prepares its financial statements according to IAS/IFRS international accounting standards as of financial year 2018.

Therefore, the financial statements were prepared - based on that defined by Legislative Decree no. 38, art. 3, paragraph 2, dated 28/02/2005 - according to IFRS international accounting criteria issued by the International Accounting Standard Board (IASB) and approved by the European Commission. For the adoption of international accounting standards, the company has applied the provisions of IFRS 1 "First-time adoption of International Financial Reporting Standards".

We have verified compliance of the financial statements with the facts and information of which we are aware and following completion of our duties, we have no comments to make.

In particular, the explanatory notes to the financial statements, in addition to the specific indications provided for by the regulations on the preparation of the financial statements, provide the information deemed appropriate to represent the equity, financial and economic situation of the Company.

We have verified compliance with the provisions of law concerning the report on operations. On this regard, we have no particular comments to make.

We have verified the fulfilment of the information obligation relating to the subsidies and contributions received from Public Administration Bodies of the Italian State and / or from public associated Companies, pursuant to art. 1, par. 125, L. 124/17.

PricewaterhouseCoopers SpA. auditing firm, assigned to legally audit the accounts, issued on 28 March 2019 the report as per art. 14 of Legislative Decree 27/01/2010, no. 39 on financial statements; the same does not include findings and contains the following informative note:

Without changing our opinion, we draw attention to the comments made by the directors in the explanatory notes to the paragraph "Accounting criteria" which illustrates the effects on shareholders' equity at 1 January 2018 resulting from the application of the new international accounting standard IFRS 15 "Revenues from contracts with customers ".

Concluding Remarks

Considering also the results of the activity carried out by the entity in charge of the legal audit of the accounts, the Board of Auditors believes that the financial statements for the year ended 31 December 2018, as prepared by the Directors, are subject to your approval, together with the proposal contained therein concerning the allocation of the operating result.

Tortona, 28 March 2019

The Board of Auditors

Mr. BO Andrea (Chairman)
Mr. TROTTER Massimo (Standing Auditor)
Mr. CODA Roberto (Standing Auditor

Financial statements as of 31 december 2018

(Report of the independent auditors)

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

ITINERA SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Itinera SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Itinera SpA (the "Company"), which comprise the balance sheet as of 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

Without modifying our opinion, we draw attention on what the directors outlined in the paragraph "Accounting policies" of the explanatory notes that show the effect on shareholders' equity at 1 January 2018 resulting from the application of the new international accounting standard IFRS 15 "Revenues from contracts with customers".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 0277852240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 0102709541 - **Napoli** 80121 Via dei Mille 16 Tel. 0813681181 - **Padova** 35138 Via Vicenza 4 Tel. 0498773481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 0913499737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 0667570251 - **Torino** 10122 Corso Palestro 10 Tel. 0115756771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432225789 - **Varese** 21100 Via Albani 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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

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

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Itinera SpA are responsible for preparing a report on operations of the Company as of 31 December 2018, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Itinera SpA as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Itinera SpA as of 31 December 2018 and is prepared in compliance with the law.

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With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 28 March 2019

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

12 april 2019 assembly minute

ITINERA S.p.A.
Direction and coordination: ASTM S.p.A.
Registered offices:
Via M. Balustra 15 - Tortona
Reg. in Ord. Section of the Alessandria Business Register no. 01668980061
Econ. & Admin. Index No. 176511 - Share Capital € 86,836,594.00 = fully paid-in
Tax code and VAT no. 01668980061

12 APRIL 2019 ASSEMBLY MINUTE

The year 2019 (two thousand and nineteen) on the 13th (thirteenth) day of the month of April, at 11:00 AM in Tortona (AL), at the offices in Strada Statale per Alessandria 6/a, the Ordinary Shareholders' Assembly met on first summons to discuss and resolve on the following

AGENDA

1. 1. Review and approval of the Itinera S.p.A. financial statements as at 31December 2018 and Report on Operations; reading of the Board of Auditors and Auditing Firm's reports.
2. Presentation of the Itinera S.p.A. Group consolidated financial statements as at 31 December 2018; reading of the Board of Auditors and Auditing Firm's reports.
3. Redefinition of corporate body fees.
4. Any other business.

The Chairman of the Board of Directors, Rosario Fiumara, took the chair and called Fabio Toso to act as Secretary with the approval of those in attendance.
The Chairman acknowledged and noted:
- that the Assembly was duly summoned by call notice sent via certified e-mail (PEC) on 03/04/2019;
- that shareholders representing all Share Capital are in attendance by proxy, as indicated in the Book of Shareholders, meaning:
• **ASTM S.P.A.** holder of no. 57,413,908 1€ each shares equal to 66.117180% by proxy issued to Mr. Pier Luigi Omenetto;
• **SATAP S.p.A.** holder of no. 24,182,091 1€ each shares equal to 27.847812% by proxy issued to Mr. Pier Luigi Omenetto;
• **AUTOSTRADA DEI FIORI S.p.A.** holder of no. 1,717,500 1€ each shares equal to 1.977853% by proxy issued to Mr. Pier Luigi Omenetto;
• **SOCIETA' AUTOSTRADA LIGURE TOSCANA p.A.** holder of no. 3,523,094 1€ each shares equal to 4.057153% by proxy issued to Mr. Pier Luigi Omenetto;
• **FINANZIARIA DI PARTECIPAZIONI E INVESTIMENTI S.p.A.** holder of no. 1 1€ each share equal to 0.000001% by proxy issued to Mr. Pier Luigi Omenetto;
- that the share certificates were promptly filed at the company headquarters as per the Articles of Association;
- that Massimo Malvagna, Managing Director, Giulio Burchi, Giuseppe Gatto and Luca Pecchio, Directors, were excused absent;
- that the Chairman of the Board of Auditors, Andrea Bo (in audio conference), Standing auditor Roberto Coda and Standing auditor Massimo Trotter (in audio conference) were in attendance; that completed, the Chairman stated the Assembly validly formed and thus able to resolve on the items on the Agenda.

1) Review and approval of the financial statements as at 31 December 2018 and Report on Operations, reading of the Board of Auditors and Auditing Firm's reports

The Chairman opened the session and submitted the financial statements as at 31/12/2018 to those in attendance, complete with annexes, reviewed by the Board of Directors on 7/3 of this year.
The shareholder's representative asked the financial statements and relevant Explanatory Notes, as well as the Report on Operations, not to be read since the documents have been available to the concerned parties for a while. The motion unanimously passed.
The Chairman of the Board of Auditors, Mr. Andrea Bo, was given the floor to illustrate the conclusions provided in the Board of Auditors' report

- which express their favourable opinion to the approval of the financial statements and report on operations as well as a proposal for the results - and, lastly, the report prepared by auditing firm PriceWaterhouseCoopers Spa, in charge of auditing, was read.
The Chairman thus invited the assembly to resolve on the approval of the financial statements and its annexes. The assembly, after thorough discussion, unanimously.

RESOLVED

- to approve the financial statements as of 31/12/2018 and the related Explanatory Notes, as presented by the Board of Directors;
- to allocate result for the year, totalling Euro 511,687.43 (rounded in the balance sheet to Euro 511,687) as follows:
  - Euro 25,584.37, equal to 5% of the total amount, to legal reserves to meet the provision of Civil Code art. 2430 and Articles of Association art. 28;
  - Euro 486,103.06 equal to residual profit for the year to Extraordinary reserves.

2) Presentation of the Itinera S.p.A. Group consolidated financial statements as at 31 December 2018; reading of the Board of Auditors and Auditing Firm's reports.

At this point the Chairman provided shareholders with the Itinera Group Consolidated Financial Statements as at 31/12/2018 with related Explanatory Notes and Certification report by auditing firm PriceWaterhouseCoopers S.p.A., whose conclusions were read.
The Chairman of the Board of Auditors Andrea Bo also read the Board of Auditors' report on the Consolidated financial statements as at 31/12/2018.
The Consolidated Financial Statements include, in addition to the Itinera S.p.A. financial statements, the financial statements of the companies in which it exerts control, suitably adjusted/reclassified to make them compatible with the presentation standards set by IAS/IFRS international accounting policies.
The Chairman briefly illustrated the main items in the financial statements and indicated that, in 2018, profits were earned for Euro 9,017 thousand (of which 7,771 thousand by the Itinera Group) and net equity for Euro 233,012 thousand (of which Euro 217,237 thousand for the Itinera Group).

3) Redefinition of corporate body fees.

At this point the Chairman informed those in attendance that, concerning the complex topics in the company's strategic plan which, similar to that already developed by leading Italian players, aims to gradually grow on international markets as well as concerning the complicated internal reorganisation process, factors which require increasingly greater efforts and commitment by the Board, it is best to redefine the annual fee due to each member of the Board of Directors.
The assembly, after brief discussion, unanimously

RESOLVED

- To set the fee due to each member of the corporate Board of Directors for each year of term at € 20,000.00 (twenty thousand/00).
- To set, in addition to the above, in favour of each member of the Board of Directors, an attendance bonus equal to € 500.00 (five hundred) for personal attendance at each Board of Directors and Shareholders' meeting and € 250.00 (two hundred and fifty) for their attendance in audio/video conference.

Also concerning the Board of Auditors, continued the Chairman, still considering the topics above and thus also requiring increasingly greater participation in corporate boards by Auditors, the establishment of a € 500.00 (five hundred) attendance bonus is proposed for personal attendance at Board of Directors and Shareholders' meetings and € 250.00 (two hundred and fifty) for their attendance in audio/video conference. The assembly, after brief discussion, unanimously

RESOLVED

to set, in favour of each standing auditor on the Board of Auditors, in addition to that set during the Shareholders' meeting on 10/4/2017, an attendance bonus equal to € 500.00 (five hundred) for personal attendance at each Board of Directors and Shareholders' meeting and € 250.00 (two hundred and fifty) for their attendance in audio/video conference.

4) Any other business.

There being no other items on the agenda to discuss and no one else asking for the floor, the Chairman adjourned the meeting after reading, approving and signing these minutes. At 11:25 AM.

THE CHAIRMAN
(Rosario Fiumara)

THE SECRETARY
(Fabio Toso)

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