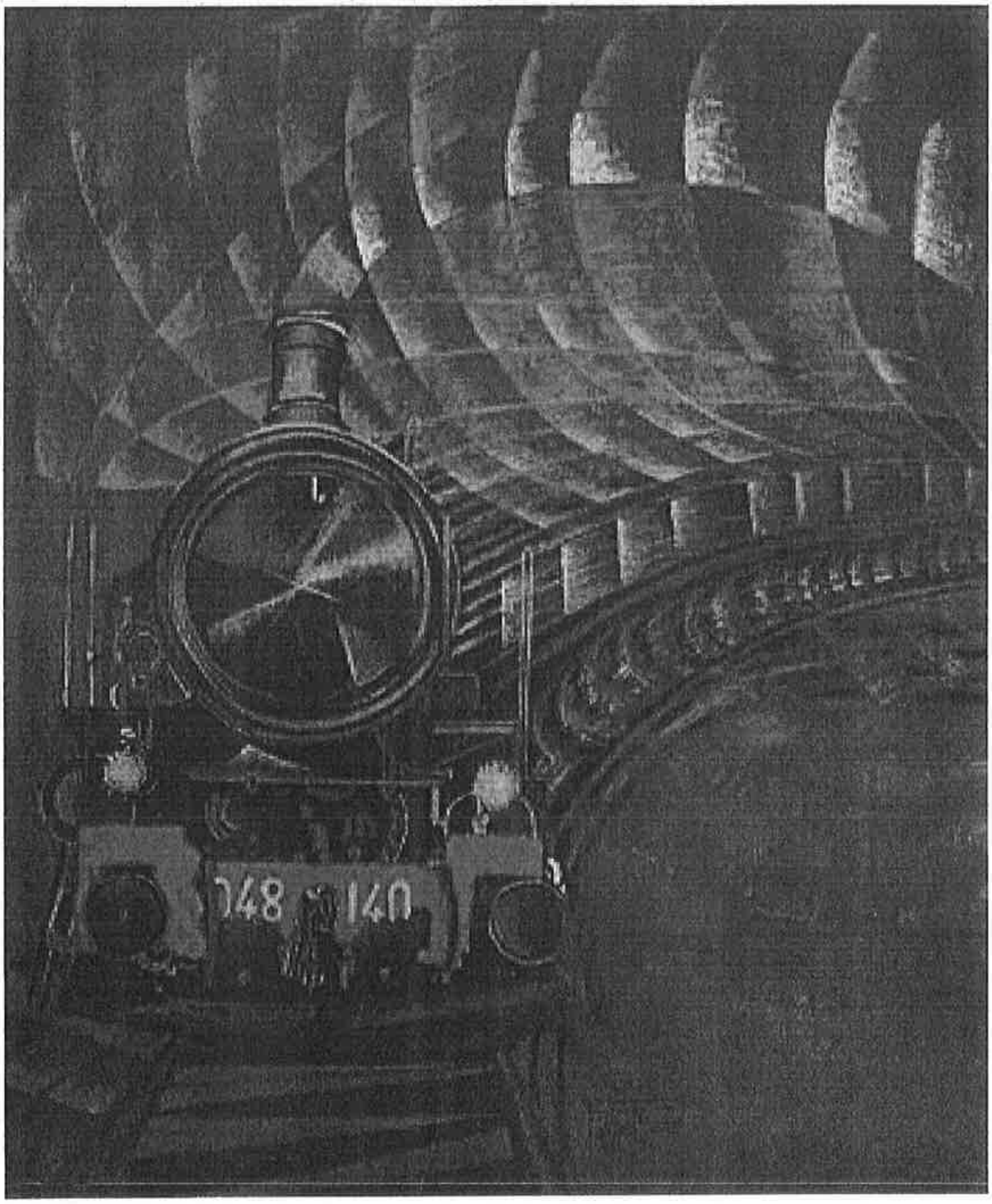
TITAGARH FIREMA S.p.A.



FINANCIAL STATEMENTS
at 31 March 2019

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

Contents

COMPANY INFORMATION

COMPANY DETAILS

REGISTERED OFFICE	CASERTA (CE)	STRADA PROV.LE APPIA 8/10
TAXPAYER'S CODE	09135960962	
REA	CE-297666	
LEGAL STATUS	SPA	
SHARE CAPITAL	10,000,000	FULLY PAID IN

CORPORATE STRUCTURE[1]

SHAREHOLDER	CAPITAL SHARE (EURO)	% HELD
TITAGARH SINGAPORE PTE	9,820,000	98.2%
TITAGARH WAGONS LIMITED	180,000	1.8%

CORPORATE BODIES IN OFFICE AND INDEPENDENT AUDITOR

BOARD OF DIRECTORS in charge until budget approval on 31 March 2021

POSITION	NAME	DATE OF APPOINTMENT
BOARD CHAIRMAN	U. CHOWDHARY	26/07/2018
CHIEF EXECUTIVE OFFICER	U. CHOWDHARY	26/02/2019
DIRECTOR	A.K. AGARWAL	26/07/2018
INDEPENDENT DIRECTOR	G.MOISE	26/07/2018
INDEPENDENT DIRECTORS	M.MOHANKA	26/07/2018
DIRECTOR	A.BAJORIA	26/07/2018
INDEPENDENT DIRECTORS	A.JOSHI	26/07/2018

BOARD OF STATUTORY AUDITORS

POSITION	NAME	DATE OF APPOINTMENT
CHAIRMAN	E. FILETTO	26/07/2018
REGULAR AUDITOR	P.SPANO'	26/07/2018
REGULAR AUDITOR	C.SCHETTINI	26/07/2018

INDEPENDENT AUDITOR: PRICEWATERHOUSECOOPERS SPA from 20 July 2017 until approval of financial statements as at 31/03/2020

[1] An 88% share of the TSPL shares is currently pledged

SUPERVISORY BODY

POSITION	NAME	DATE OF APPOINTMENT
CHAIRMAN	G.LEPORE	13/02/2018
MEMBER	M.NAPPO	13/02/2018
MEMBER	V.IZZO	13/02/2018

CORPORATE BODIES TERMINATED DURING THE YEAR

BOARD OF DIRECTORS

POSITION	NAME	DATE OF RESIGNATION
CHIEF EXECUTIVE OFFICER	V.SOPRANO	05/06/2018

BOARD OF STATUTORY AUDITORS

POSITION	NAME	DATE OF RESIGNATION
ALTERNATE AUDITOR	M. RENDO	26/02/2019
ALTERNATE AUDITOR	C. FERONE	22/02/2019

INFORMATION REGARDING THE PARENT GROUP

CORPORATE STRUCTURE

TITAGARH SINGAPORE PTE

SHAREHOLDER	CAPITAL SHARE (EURO)	% HELD
TITAGARH WAGONS LIMITED	17,915,420	100%

POSITION	NAME
DIRECTOR	S. TALUKDAR
DIRECTOR	U. CHOWDHARY
DIRECTOR	A. AGARWAL
DIRECTOR	S. SINGHANIA
DIRECTOR	R. BHALOTIA
DIRECTOR	R. BHALOTIA
DIRECTOR	T. RANGANATHRAO

INDEPENDENT AUDITOR: Bestar Assurance PAC

TITAGARH WAGONS LIM. (INTRO)

SHAREHOLDER	CAPITAL SHARE (EURO)	% HELD
FLOATING	54,149,642	54.26%
PROMOTER GROUP	45,646,971	45.74%

POSITION	NAME
CHAIRMAN	CHOWDHARY
CEO	U. CHOWDHARY
DIRECTOR	S. MUKHERJEE
INDEPENDENT DIRECTOR	R. BANDYOPADHYAY
INDEPENDENT DIRECTOR	D. NATH DAVAR
INDEPENDENT DIRECTOR	M. MOHANKA
NON-EXECUTIVE DIRECTOR	R. CHOWDHARY
INDIPENDENT DIRECTOR	A.JOSHI
CFO	A.AGARWAL

INDEPENDENT AUDITOR: PriceWaterhouse Coopers LLP

MANAGEMENT REPORT

TYPE OF ACTIVITIES AND OPERATING STRUCTURE

Pursuant to the Articles of Association, the Company operates mainly managing factories for the construction, transformation and repairs of railway, tramway rolling stock and the electrical equipment of rolling stock, which the Company, in some case, also designs.
Processing is carried out directly in the plants in Caserta and Tito (Components). The company also carries out Maintenance, Spare Parts Manufacturing and Support; research and development design activities; activities which following the closure of the sites in Spello and Milan, which took place during the year, were moved to the main sites mentioned above.
Production and Assistance activities are also performed in Oslo (Norway) where the company operates as a Stable Organisation through the "branch" Titagarh Firema Spa NUF (hereinafter also TFA NUF).

In the table, below, pursuant to the provisions in art. 2428 paragraph 5 civil code a full list of Company offices and local units:

Category	City	Address
Local Unit, registered office and administrative office	Caserta	Strada Prov. Appia - 81100
Secondary office	Heimdal (Norway)	Vestre Rosten 69 - 7072
Local Unit	Tito (PZ)	Zona Industriale Scalo - 85050

CORPORATE STRUCTURE

The Company's organisation, based on the traditional model is so structured:

- BOARD OF DIRECTORS, assigned the broadest powers for the management of the Company, with authority to carry out all the appropriate deeds to achieve the business goals, with the exclusion of the duties reserved – by Law or Statute – to the Shareholders. It is made up of six members, of which two are independent.
The Board (when not provided for by the Shareholders) appoints the Chairman who is reserved the powers by law and Statute, as well as the legal representation of the Company before third parties and in legal matters and signing authority.
The Board has also nominated a CEO to whom the following attributions and powers have been conferred:

a) directing and managing the corporation in conformity with the guidelines and directives of the Board of Directors;

b) carrying out all the actions which are ordinary administration of the Company;

c) executing the resolution of the Board of Directors, carrying out all deeds including those of extraordinary administration approved by the same Board.

– BOARD OF AUDITORS, is reserved the duty of supervising:
a) on the observance of the law and the articles of association as well as the compliance with the principles of proper administration;
b) on the suitability of the Company's organisational structure, the internal system of control and of the administrative accounting system, also for the reliability of the latter in correctly representing the matters of management.
It is made up of 3 actual members, all independent, and of two substitutes, also independent.
Both the Directors and the Auditors hold their positions for three years and may be re-elected.

– SHAREHOLDERS MEETING, in charge of making resolutions in ordinary and extraordinary meetings on matters pertaining to it by Law or by Statute.

– AUDITING FIRM, whose activity of accounting review is carried out, as provided for by current legislation, by an Auditing Firm affiliated in the special register, for this purpose appointed during the Shareholders Meeting.

Structure of the Governance activities
The structure in place is based on the coexistence of the following elements:
- Organisational Model ex D.Lgs 231/01
- System of internal control
The Company in the month of February 2018 adopted the Modello di Organizzazione Gestione e Controllo (hereinafter called "MOG"), the Management & Control Model in accordance with legislative decree 231/2001 which represents the most significant legal implementation in the national legal system, implied for *company compliance*, in compliance with the regulatory requirements.
In compliance with the requirements of the MOG and on the basis for an accurate "risk mapping", the structural components of the Model have been defined, they are:

- The system of *corporate governance*;
- The system of commissions and proxies;
- The Protocols;
- The ethical Code;
- The requirements and the rules of operation of the Oversight Body
- The communication and training of personnel on the Model;
- The disciplinary system.

The System of internal control is the totality of the processes directed at monitoring the efficiency of the company operations, the reliability of the financial information, the compliance with the laws and regulations, as well as safeguarding the company's assets.

Principal components are:
- the company system of norms;
- the system of commissions and attribution of powers;
- the company Risk Assessment activities;
- the monitoring activities carried out by the business functions.

For that which concerns the Internal organisation, the general and administrative management is located in the Caserta facility with the main areas of:

- Sales & Marketing;
- Research & Development;
- Quality;
- Operations;
- Legal and Business Affairs;
- Administration, finance, control and Risk Management.

The distribution of internal powers and external representation are in complete accordance with what is defined by the law practices and by the correct business management thanks also to the application of the principle of segregation of duties.

The above takes place through:

- An efficient system of commissions and proxies;
- A system of internal monitoring;
- Rules of conduct and Code of Ethics.

MARKET AND POSITIONING

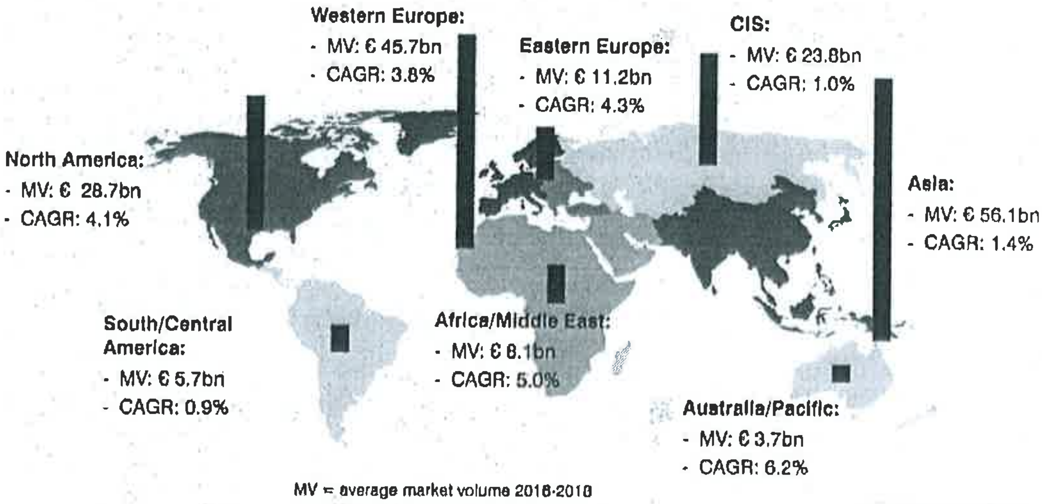
The company operates mainly in the business of the construction of trains and specifically the market of reference is the Production of Rolling Stock, Maintenance, Assistance to Railway Carriers.

The Italian market continues to benefit from investments in its own railway system and in the urban transport system, with significant opportunities for business for the companies in the industry, it is enough to think that approximately 17 billion Euro were allocated for the improvement of the infrastructure until to 2020, constant implementation of the ETCS reporting and protection system at the second level, 1.2 billion Euro of investments in security and modernisation systems of the urban network and of the main stations, expected expense of 4.5 billion Euro on behalf of the principal players of the industry of re-modernisation of rolling stock material.

Demand is mainly, though not solely, from public entities.

The graph below represents the global scenario of growth for the market of reference.

Current market volume (MV) and growth rate (CAGR) by regions until 2022



The global railway vehicles market was of approximately 55 billion Euro in 2018.

The current market scenario reflects the dependency of the producers of rolling stock from a limited number of clients who operate on local markets.

The expansion efforts for filling the empty pockets of domestic capabilities are contrasted by the local offer of production compared to the entry of foreign companies

On the provisions of these elements, the strategy and the positioning of Titagarh from the point of view of:

- **Market** is that of concentrating on the domestic markets of Italy and India where the Group operates, but at the same time the Company intends to approach international markets evaluating the individual opportunities.
- **Product** is that of focusing on specific products where it has consolidated know how and skills, as well as developing variants thanks also to the use of new technologies. Particularly in the area of Intercity & Long Distance segment focusing on EMU (Electric Multiple Unit) and railway carriage trailers, while in the Urban segment concentrating on the Metro and Tram activity.

In regards to the information highlighted above the start of an optimisation and transformation process is expected in the area of technology industry 4.0 in support of specific investment projects.

The order portfolio at 31 March 2019 amounts to a total of approximately 310M€ considering also the attainment of one of the set objectives with the awarding of the Circumetnea Etna Railway Tender in February 2019 for the supply of n. 54 Traction Units for the underground in Catania of an overall value of 216M€.

CORPORATE EVENTS OCCURRING IN THE YEAR

The main variations which have arisen at 31 March 2019, compared to the previous fiscal year, are related in particular to:

- Signature of a long-term facility agreement with Bank of Baroda Global Syndicaton Center, amounting to 100 million euros (of which 50 million euros represents term loan and the balance 50 million euros as overdraft/ non-fund based limits) secured against entire assets of the company and revocable corporate guarantee of the Parent Company. The repayment of the principal amount is expected from the 39th month from the first use of the cash and in particular from the 15 September 2021 at an interest rate equal to Euribor 6m plus a spread of 2,65%. Part of the above loan has been used to repay the existing shareholders loan, as reported below, and balance has been used for the working capital requirement of the Company.
- Reimbursement for shareholder financing TSPL for 18.5M€ and TWL for 6M€.
- Early repayment of the railway vehicle TAF TN n. 27 by the Client in the month of July 2018 for 540 thousand Euro;
- Release of the security of 6M€ deposited in guarantee for the participation in a open tender in the month of September 2018;
- Signing of a Delivery Contract with object "Repair of TAF Motors" in the overall value of 480 thousand Euro;
- Delivery of the first TAF train, Italian Electric Multiple Unit, in the month of December 2018.
- Awarding in the month of February 2019 of the open participation tender for the assigning of a framework agreement for the delivery and start-up service of n. 54 Traction Units for the underground line in Catania in the overall value of 216M€.
- Signing on 26 March 2019 of a new contract for the delivery of n. 2 Traction Units Alfa 3, as well as the carrying out of the Full Service services for the corrective and scheduled maintenance in the overall value of 12M€;
- Signing in 29 March 2019 of a contract for the delivery of technical spares for the maintenance activity of the TSR railway vehicles;
- Finalisation of the reimbursement request of the VAT credit for the tax period 2018 for 5.3M€;
- Increase in the entry "development costs" for 2.05M€ related to costs for the design and the construction of new technological platforms to be implemented on current and future projects.
- Review of the residual useful life of the plant and machinery at the Caserta and Tito site.

KEY PERFORMANCE INDICATORS (KPI)

TFA management assesses the economic-financial performance of the Company based on certain indicators, not foreseen by Italian accounting standards.
Here below is a description of those indicators and the relative components:

Orders acquired in the year: given by the sum of contracts signed with customers in the year, considering that they have the contractual characteristics to be entered in the book of orders.

Orders portfolio: represents the value of orders from clients to be completed at the reference date, including those acquired in the year.

EBITDA or GROSS OPERATING MARGIN: is the result before taxes and before financial management and depreciation.

EBIT: is the result before taxes and before financial management.

Net Financial Debt (liquidity): is the financial liabilities net of liquid assets for the same period.

Workforce: is the number of employees on the payroll on the last day of the reporting period. This includes temporary workers.

Direct hours on projects (DLH): is the number of hours of direct employees (workers and engineering employees) developed on the construction orders in the year considered.
Here below are details of the above KPI at 31 March 2019 and the comparison with the previous year:

KPI (€/thousands)	31/03/2019	31/03/2018
Orders acquired in the year	229,642	15,150
Orders portfolio	312,554	131,812
EBITDA	458	(7,333)
EBIT	(562)	(9,523)
Net debt	41,032	36,663
Workforce (units)	371	422
Direct hours on Projects (DLH)	344,754 Hours	355,376 Hours

Related to single KPI dynamics, the Company notes as follows:

- The order portfolio is affected mainly by the awarding of the tender for the Catania Underground worth 216M€ with a duration of eight years;
- The EBITDA highlights the substantial recovery compared to the previous fiscal year. In particular, it reflects, on one hand, the lower effect on costs and on the

other the ability of the company to have followed its set objectives reaching a value of the production in line with the previous fiscal year through the finalisation of particular actions with the clients;

- the net financial debt highlights positive cash flow generated by the operational activities and an improvement of the cash flow from the financial activities from restructuring the debt which took place in the month of June 2018 with the signing of a loan with Bank Baroda which permitted reviewing the outstanding debt towards shareholders as well as restructuring the bank debt with Axis bank and refinance the working capital;
- Workforce and Volume of production hours. The workforce demonstrates a significant decrease due to the closing of the Spello and Milan sites, on the other hand, regardless of the reduction in workforce, the hours produced have maintained levels in line with the previous fiscal year.

ECONOMIC-CAPITAL-FINANCIAL RESULTS- COMBINED INDICATORS

The following tables sum up the Economic-Capital- Financial Results of the Company and relative combined indicators as at 31 March 2019 and compared to 31 March 2018. Please refer to the Notes for further composition and comparison details.

Income Statement	31/03/2019	Incidence % on Production value	31/03/2018	Incidence % on Production value	Delta
Revenues from sale	50,560		104,020		(53,460)
Increase (decrease) work in progress	5,006		(33,189)		(28,183)
Increase of intangible assets	2,051		-		2,051
Other incomes	15,469		3,515		11,954
Total Income	**73,087**		**74,346**		**(1,259)**
Costs of raw materials	28,818	50%	32,589	46%	(3,771)
Service costs	9,143	16%	13,149	19%	(4,006)
Use of third party assets	492	1%	469	1%	23
Payroll Costs	18,155	32%	19,071	27%	(916)
Variations Inventory	777	1%	605	1%	172
Provision for risk	9,584	17%	13,245	19%	(3,662)
Miscellaneous operating costs	5,660	10%	2,551	4%	3,110
Total Costs	**72,629**		**81,678**		**(9,050)**
EBITDA	**458**		**(7,333)**		**7,791**
Depreciation	1,021	2%	2,190	3%	(1,169)
EBIT	**(562)**	**(1%)**	**(9,523)**	**(13%)**	**8,960**
Financial management	(1,836)	(3%)	(2,877)	(4%)	1,041
GROSS OPERATING PROFIT	**(2,398)**	**(4%)**	**(12,400)**	**(18%)**	**10,002**
Income taxes	157	0%	1,894	3%	(1,736)
NET OPERATING PROFIT	**(2,241)**	**(4%)**	**(10,506)**	**(15%)**	**8,265**

Balance Sheet	31/03/2019	31/03/2018
Trade receivables	15,210	13,807
Inventory	75,732	64,600
Other assets	12,941	25,429
Trade payables	(15,389)	(19,627)
Advances from Clients	(44,817)	(41,899)
Other Liabilities	(5,606)	(8,379)
Net working capital	*38,071*	*33,931*
Net Fixed Assets	*34,101*	*32,637*
L/T Liabilities and Funds	*(13,754)*	*(10,279)*
NET INVESTED CAPITAL	*58,418*	*56,289*
Net financial position	41,032	36,662
Shareholders' Equity	17,386	19,627
TOTAL SOURCES	*58,418*	*56,289*

Net financial position	*41,032*	*36,662*
Cash and cash equivalents	(11,489)	(4,507)
Financial payables to parent companies	3,844	28,282
Payables to banks beyond the fiscal year	48,677	12,887

Equity Index	31/03/2019	31/03/2018
DOP - Day of payment (Trade Payables/External operating costs*365)	143	153
ROE (Net Profit/Net Equity)	(12.9%)	(53.5%)
ROI (EBIT/Net Invested Capital)	(1.0%)	(16.9%)
ROS (Net Profit/Production Value)	(4%)	(14.8%)
TURNOVER CAPITAL INVESTED (Production value/Net Invested Capital)	1.0	1.3

In interpretive terms the Company wants to highlight the following:

1. The *economic performance* highlights a significant reduction in losses following minor allocations for penalty provision due to delays in delivering to clients; a phenomenon which significantly impacted the result of the fiscal year last year.
2. The increase in the net financial position compared to the closing of the previous fiscal year is substantially due to the increase in bank debt particularly to amount of debt to Bank Baroda.

RISK ANALYSIS

OPERATING

Company activities imply taking risks which, if not properly managed, lead to economic and capital losses and/or damage to the Company or third parties.

Risk of losses or damages can arise from both accidental, endogenous events, and exogenous. Where appropriate, suitable risk management policies and specific insurance coverage minimise the consequences of that damage.

In the context of operational risks, in addition to the critical issues caused by the external supply chain, which has been widely detailed above, it seems appropriate to mention the IT systems that support the company's operations, in particular regarding the technical, commercial and administrative aspects. In order to limit the risk of an interruption to activities due to malfunctioning systems, the Company has given itself hardware architecture and software in a high reliability configuration for those applications supporting critical activities.

MARKET

The Company operates in a global market of reference, which is exposed to risk from changes in the macroeconomic and geopolitical framework and which represents the most significant opportunities in the rising countries and at a higher risk of development. Additionally, the market is characterised by an increase in volatility in the acquisition of the orders also due to the expansion of the size and of the purpose of the work of the projects and, in particular, in the business of reference even by an increasing and decisive trend toward standardisation of the products and of the technological solutions. An increase in competition is the result with the tendency to reducing prices and to consolidating the market, even in the presence of moderate market growth in the medium term.

CREDIT

The Company shows no signs of significant critical issues in credit recovery attributable to the country/client risk. For the record the main clients are represented by public contracting authorities or branches of public institutions concentrated over the Italian area. The nature of the contracting authority if in one case constitutes a guarantee of solvency for the client, in some case it extends collection periods compared to the usual terms of other businesses, generating overdue payments and the consequent necessity for disposal. To be precise, in fact, the receivables related to the principle clients have been, during the fiscal year, object of factoring.

LIQUIDITY

The liquidity risk is linked to the possibility of the Company finding itself having difficulty in coping with financial obligations, which derive from contractual commitments and, more generally, from its liabilities. Therefore, the Company constantly monitors effective and perspective Cash-Flow movements to keep significant time periods continuously visible. Corrective actions, such as use of external financing sources (e.g. advances through factoring), are planned and implemented for effective financial needs.

EXCHANGE

The exchange risk is a type of market risk based on possible variations to the exchange risk between two currencies leading to a loss of purchasing power of the currency held and resulting loss in the value of receivables. That risk is essentially limited to credit and debt items of the Norwegian branch TFA NUF and, in virtue of the modest fluctuation of the Euro/NOK exchange rate, does not have a significant impact on the Company's financial statements.

INTEREST RATES

The Company does not have any financial activities linked to interest rates; loans payable to shareholders as at 31 March 2019 are linked to a fixed interest rate and essentially independent of market interest rate trends. The financing underwritten with Bank of Baroda is characterised by an interest rate equal to Euribor 6 months in addition to a spread of 2.65%.

Pursuant to article 2428, paragraph 2, point 6 bis Italian Civil Code, please note that the Company does not have derivative financial instruments.

QUALITY AND ENVIRONMENT

The Company has an integrated management system according to ISO standards:

ISO 9001:2015

ISO 14001:2015

OHSAS 18001:2007

The legislation applicable to the production site and the relative activities is Law Decree 81/2008 and subsequent.

The integrated, quality, security and environmental policy aims to guarantee the following environmental objectives:

- Periodically analyse the environmental aspects connected to the activities carried out, evaluating the related impact considering the context of the ecosystem and of the requests from the stakeholders;
- Improve the environmental performance through the involvement and the accountability of the personnel and favouring suppliers able to ensure services which comply with the integrated management system;
- Communicate the principles of environmental sustainability to suppliers, to clients;
- Promote behaviours aimed at reducing energy consumption, decrease emissions in the atmosphere and gases harmful to the ozone layer and with greenhouse effect,

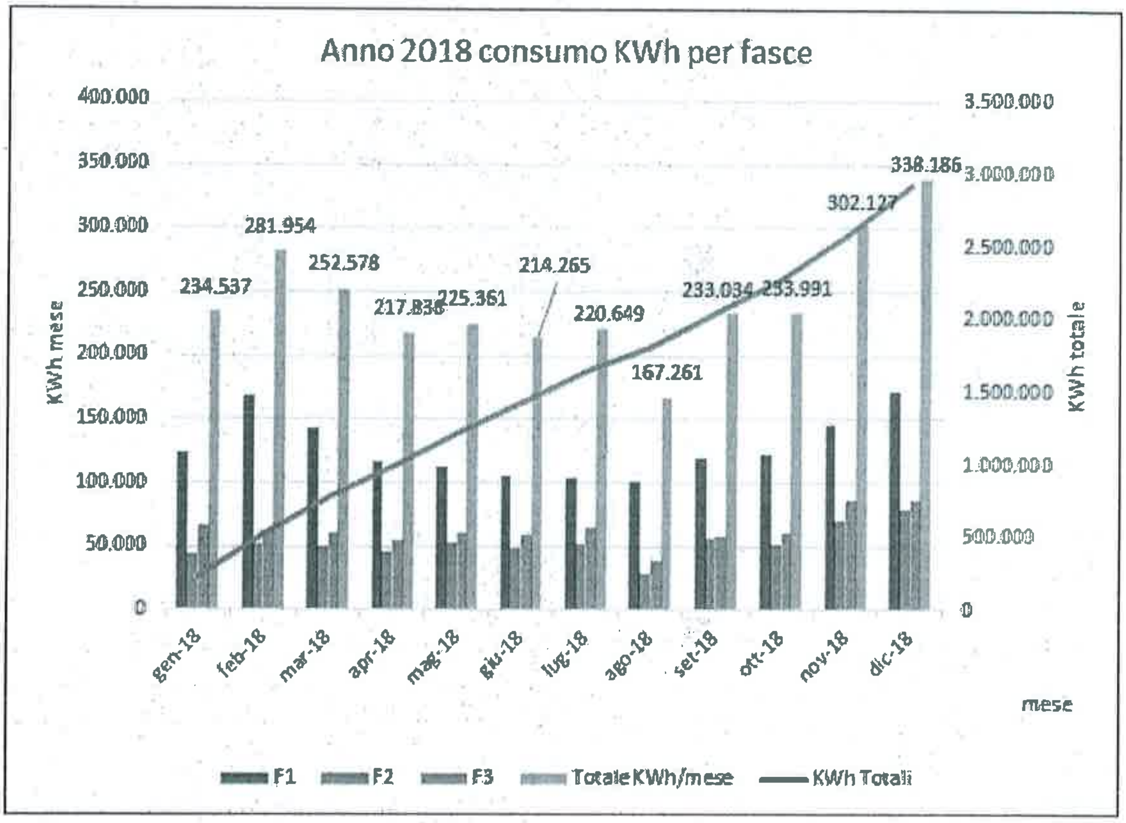
to the correct disposal of waste promoting recycling, controlling water discharges and water supply.

WATER RESOURCES MANAGEMENT

The management of the water resources is strictly related to the typical activity of the Company.
In relation to the above mentioned, the frequency of analysis is every six months and in conformity of the parameters provided for by table 3 of Law Decree. 152/2006 for surface water bodies.
Inside the production site, the water resource is mostly used for sanitary purposes while in the production process only for washing activity in case of jobs of revamping and for carrying out the rain test process of the railways produced.
The discharges from the drainage network go through the purification system found in the eastern area of the site before being put into the public drainage system.
The system calls for a rough pre-treatment, a primary chemical-physical treatment and finally a secondary biological treatment with active sludge.

ENERGY CONSUMPTION, CO2 EMISSIONS

Electricity is mainly used to power general systems, industrial equipment, rolling tests. Natural gas is used to heat work environments and in lesser measure for painting processes.
Diesel fuel is used for powering means of transport and external manoeuvres of the traction units produced and for employee (car) travel.
In the graphs which follow, the energy consumption trends and CO2 emissions for 2018 are reported.
Additionally for the employee travel with the company cars, the emissions produced have been estimated.
The fuel consumption estimate for the emissions are those stated by the manufacturers and represent the car park of the cars available to the company in 2018. From the values of the kilometres travelled, the emitted CO2 value has been estimated considering the data provided by the manufacturers.
The emissions estimates for the consumption of natural gas begin with the operating values of each individual emission point.


Anno 2018 consumo KWh per fasce
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KWh totale
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225.361
214.265
220.649
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feb-18
mar-18
apr-18
mag-18
giu-18
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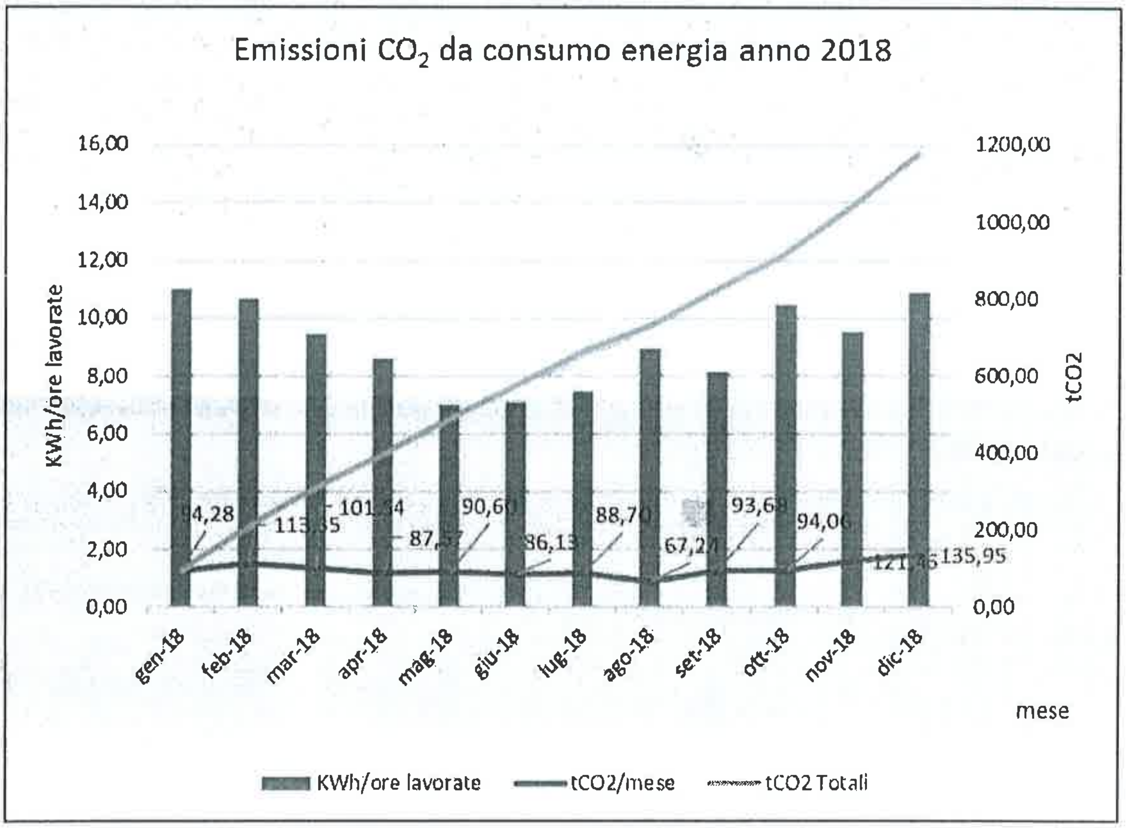
Emissioni CO_2 da consumo energia anno 2018
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87,57
90,60
86,13
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121,46
135,95
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feb-18
mar-18
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lug-18
ago-18
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mese
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tCO2/mese
tCO2 Totali

OTHER EMISSIONS IN THE ATMOSPHERE

Titagarh Firema S.p.A. has also analysed the emissions represented by the volatile organic compounds (VOC) from the surface treatment departments of the vehicles. In particular, how the channelled concentrations of VOC in the emissions and the quantity of the emissions diffused are below the limits of the Law have been verified.

In the following tables, the quantities used of the substances and preparations useful to the painting and welding production process are reported and the % of VOC emitted are extracted from the safety data sheets.

The company policy on the subject is steered towards a progressive reduction of the emissions, resulting from:

- Research of painting and degreasing products with a reduced environmental impact (favouring where possible water-based painting cycles);
- Qualifying process;
- Self-monitoring of the production process.

PRODUCTION AND MANAGEMENT OF SPECIAL WASTE

Non-hazardous special waste is constituted mainly from:

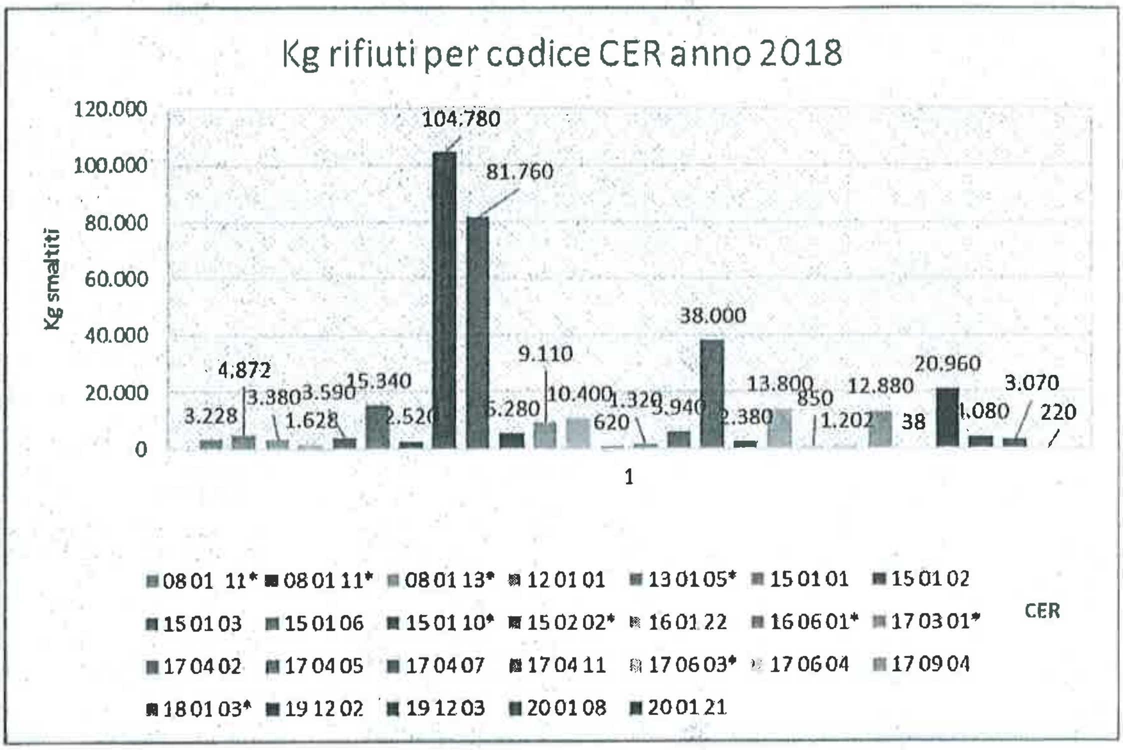
- Metal wastage and scraps;
- Packaging material (plastic, wood and mixed materials);
- Cables and waste insulating materials.

Hazardous special waste is constituted mainly from:

- Deriving from the cleaning activities of the painting cabins;
- Oil-like emulsion,
- Solvents;
- Packaging contaminated by hazardous substance residue.

The landfill conferment for the disposal and/or recycling is entrusted to authorised companies.

In the following illustration, the data for the waste produced in 2018 by EWC code.



HUMAN RESOURCES

During the year the Human Resources function has continued to support the business with the intention of guaranteeing an always greater efficiency and effectiveness in the implementation of the company processes and the design activities.
Here below the workforce data at 31 March 2019 compared to the same period of the previous fiscal year:

Workforce (n° units)	Category	CASERTA	MILAN	TITO	SPELLO	SITES	TOTAL
Workforce as at 31/03/2018	*Blue collar*	231	0	54	9	7	301
	Office employees	63	22	5	1	3	94
	Middle managers	12	3	0	0	0	15
	Executives	10	2	0	0	0	12
	Total	**316**	**27**	**59**	**10**	**10**	**422**
Increases (Decreases) in the period	*Blue collar*	(4)	0	(1)	(9)	2	(12)
	Office employees	(5)	(22)	0	(1)	(2)	(30)
	Middle managers	(2)	(3)	0	0	0	(5)
	Executives	(2)	(2)	0	0	0	(4)
	Total	**(13)**	**(27)**	**(1)**	**(10)**	**0**	**(51)**
Workforce as at 31/03/2019	*Blue collar*	227	0	53	0	9	289
	Office employees	58	0	5	0	1	64
	Middle managers	10	0	0	0	0	10
	Executives	8	0	0	0	0	8
	Total	**303**	**0**	**58**	**0**	**10**	**371**

The findings indicate a substantial reduction of the workforce, given by the closing of the Milan and Spello facilities and the relative transfer of the activities in terms of efficiency and verticalisation at the Caserta site.

In compliance with Legislative Decree 32/2007, in implementation of the directive 2003/51/CE the following information with regard to Human Resources is provided:

COMPOSITION OF THE WORKFORCE 2018

Company composition	Executives	Middle managers	Office employees	Blue collar
Men (number)	6	10	51	286
Women (number)	2	0	13	4
Average Age	46,8	52,8	47,2	50
Work Seniority	3	3	3	3
Permanent contract	7	9	55	275
Fixed-term contract	1	1	9	15
Other Types	0			
Education Level: Degree	7	6	16	0
Education Level: Diploma	1	4	45	104
Education Level: Middle School Certificate	0		3	186

COMPOSITION OF THE TURNOVER 2018

Turnover	01/04/2018	Hires	Resignations, Retirements and Terminations	Change of Category	31/03/2019
Permanent contract					
Executives	9	1	(3)		7
Middle managers	13		(4)		9
Office employees	63	5	(14)		54
Blue collar	287		(12)		275
Other					
Fixed-term contract					
Executives	3		(2)		1
Middle managers	2	4	(5)		1
Office employees	31	7	(28)		10
Blue collar	14	5	(5)		14
Other					

DATA RELATIVE TO HEALTH/SECURITY IN 2018

Data in hours

Health and Security	Disease	Fall	Maternity
Permanent Contracts	13.325	2.614	456
Fixed-Term Contracts	648	-	-

DATA RELATIVE TO TRAINING IN 2018

Data in hours

Training	Executives	Middle managers	Office employees	Blue collar
Training hours for	10	1.277	420	1.145
Training hours for	2	18	17	150

INVESTMENTS AND R&D

The sustained costs for the base research in 2018 were entirely attributed to the income statement since they fall into the recurrent business operations, on the other hand the sustained costs for the development and therefore for the application of the research results were written in the intangible fixed assets with the consent of the Board of Auditors in compliance with the national accounting principles.

In particular, during the fiscal year closed as at 31 March 2019, Company investments in tangible assets (for 907 €/thousand) essentially concerned machinery needed to optimise production activities.

In relation to the intangible assets, the investments refer to the acquisition of licences and software for the development of industrial projects for €/thousands 103 and increments of €/thousands 2,051 for costs for the design and construction of new technological platforms implemented and to be implemented on current and future projects.

Particularly, these costs are for three new technological platforms that the Company has developed and which will be used in the next few years on various projects:

a. New TCMS (Train Management and Control System). An on-board computer able to manage in a centralised manner the various train systems allowing the train driver to manage the train and monitor its good functioning.

b. New TCU (Traction Control Unit). A control unit for the traction converter, able to pilot the electronic power components in order to convert the energy taken from the line into energy destined to the auxiliary systems and pilot in a proper way the traction motors, according to the orders of the engineer through the TCMS.

c. New Activation 3 kV air cooled. A converter able to take energy from the high voltage line and convert it to power for the auxiliary systems and pilot traction motors. Houses the TCU, from which it is monitored.

d. Project for the restoration of an EMU train with 2 levels

TRANSACTIONS WITH RELATED PARTIES

In relation to that which is provided for in art. 2427 paragraph 22 bis Civil Code regarding the operation achieved with related parties, it is confirmed that these took place in the formal and substantial respect of the market condition and were finalised solely to achieving the strategic and commercial objectives of the Company.
For details refer to the specific paragraph in the Notes to the Financial Statement.

ATYPICAL AND/OR UNUSUAL OPERATIONS

During the fiscal year atypical and/or unusual operations have not been carried out.

TREASURY SHARES

The Company does not hold, directly or indirectly, treasury shares.
The Company, moreover, has not purchased or transferred, directly or indirectly, treasury shares.

REPORT ON MANAGEMENT AND COORDINATION ACTIVITY

The Company is not subject to any management and coordination activity in accordance with art. 2497 civil code.

EVENTS AFTER THE YEAR ENDED

On the date of preparation of these financial statements, and in according to accounting standard OIC 29, the events subsequent to the end of the fiscal year that don't have significant equity and financial effects include:

1. Actuation in the month of February 2019 of the Cassa Integrazione Guadagni Ordinaria redundancy fund with a reduction in the work hours as provided for by the applicable law;
2. Reimbursement, in the month of April 2019, of the last quota of the shareholder financing to the parent TSPL in the total value of €3.8 M;
3. Request for review in the month of June 2019, by the Trenitalia client, of the TAF contract, with subsequent reduction in the number of convoys within the limit of 20%, taking advantage of what was provided for contractually in the scope of the Contract in art. 7 Variations, since no longer coherent with the current economic scenario and the medium term strategies of the use of the fleet. Now, it is not

formal contract change. Company has received additional contextual variant of 4M€ for in order to do others extra activities.

BUSINESS CONTINUITY

This financial statements have been prepared on a going concern basis. In particular, although it presents a loss of € 2,241 thousand, mainly due to provisions of the product warranty and financial charges for the year, it presents a net equity of € 17,386, but above all a financial balance, given that the activities exceed current liabilities by € 43,237.
As already described in the paragraph "KEY PERFORMANCE INDICATORS (KPI)" of this report on operations, with the signing of the loan with Bank of Baroda in June 2018, a debt restructuring was carried out which made it possible to review the position of the debt with reference of the shareholders, as well as the restructuring of the bank debt to Axis Bank and the refinancing of working capital. The contract with Bank of Baroda, structured in the form of a loan of € 50 million and in the form of a credit line for the remaining € 50 million at a rate equal to the 6-month Euribor and a spread of 2.65%, and for credit line it is 3% ,provides for a pre-amortization period of 39 months and an overall duration of the eight-year loan, with repayment of the capital at constant rates starting from the thirty-ninth month. We point out at 31 March 2019 that, despite the failure to comply with one of the four financial covenants, provided for in the contract with Bank of Baroda, the bank, through a waiver letter of exemption forwarded to the Company to 27 August 2019, has expressly waive the testing of the said covenants till 31 March 2021, and accordingly the Company has classified this debt over one year in accordance with the original amortization plan.

BUSINESS OUTLOOK

The fiscal year 2019 expects improvements in terms of profitability compared to the previous fiscal year. The volumes of the year are expected in continuity, regardless of the Trenitalia contract review, with the previous fiscal year, while concerning profitability here also, a margin of improvement is expected mainly for the consolidated skills acquired in the production of the Traction Units Alfa 3 of the TAF trains, as well as the start of production of the contract acquired in the fiscal year related to the first ten Traction Units for the underground in Catania and Pune Metro.

Over the year ulterior investments are also expected both for plant and machinery and in R&D, as in specific initiative such as cost containment, for increasing the effectiveness and efficiency of the company.

REPORT BY THE BOARD OF DIRECTORS AND RECOMMENDATIONS TO THE SHAREHOLDERS

Dear Shareholders:

The company has made some good progress during the year by curtailing large losses that was incurred in the previous year and has reported a total revenues of Euro 73 million against Euro 74,3 million last year with a positive EBIDTA (before exceptional items) of Euro 1,4 million against a loss of Euro 10,5 million last year. The PBT of the company was Euro 2.4 million negative this year against Euro 12.58 million negative last year and the order book stood at around Euro 312 million against an order of Euro 131 million last year thanks to a framework contract signed with an important Italian customer to deliver 54 trains to the Catania (Sicily) railway system.

The Company had also been able to optimise cost by consolidating the operations from 4 sites to 2 sites and is continuing to pursue consolidation and cost optimisation on one side, with participating in global tenders on the other side. The company has excellent products and technology with the main site of production in Caserta being one of the largest train manufacturing sites in Europe. The Company successfully executed the majority of the legacy contracts acquired wherein most of them were under technical and commercial disputes for more than 10 years. The company has already absorbed the losses from executing these contracts which it considers as a part of the cost of acquisition. The total debt of the company stood at Euro 52.52 million with a cash and cash equivalents in the bank of Euro 11.49 million. The Italian subsidiary is not only active in the European market, but considering the huge thrust of the new government in infrastructure in India, will be a key strategic player to grow the Indian business as well.
In particular, I am very proud to announce that the consortium formed by the Parent Company (as the Lead member) and the Company (as the support member) has been awarded a tender on 17th August 2019 for 'Design, Manufacture, Supply, Testing, Commissioning of Metro trains (Electrical Multiple Units) for Pune Metro Rail Project in India. The order is for supply of 102 cars valuing Euro 140 millions approximately. As per the tender documents first 3 Car Prototype is required to be supplied in 78 weeks and the balance 33 train sets in several phases over 160 weeks. The above order has opened the Indian markets for the Company.

The Financial Statement which is submitted for your approval closes with a loss of € 2,240,694.

In this regard, we propose covering such total loss by using the following existing and available reserves, for € 9,369,943:

- use "capital reserve arisen from loan conversion with the Parent Company" € 2,240,694.

Caserta, 28 August 2019

The Chairman of the Board of Directors

FINANCIAL STATEMENTS AT 31 MARCH 2019

ASSETS	31.03.2019		31.03.2018	
FIXED ASSETS				
I Intangible Assets				
2) development costs	2.031.347		-	
4) grants, licenses, trademarks and similar rights	511.710		412.054	
6) assets in process	-		140.611	
7) other intangible assets	59.750		97.772	
Total I		2.622.807		650.436
II Tangible assets				
1) lands and buildings	28.690.235		28.548.922	
2) plants and machines	1.795.031		2.332.766	
3) industrial and commercial equipment	591.137		667.507	
4) other tangible assets	261.589		251.126	
5) assets in progress and advances	140.120		186.060	
Total II		31.478.113		31.986.382
TOTAL FIXED ASSETS (B)		34.100.920		32.636.818
CURRENT ASSETS				
I Inventory:				
1) raw material	18.312.624		19.403.223	
3) work in progress	54.201.857		38.988.262	
5) advances to suppliers	3.217.190		6.208.072	
Total I		75.731.671		64.599.557
II Receivables:				
1) trade receivables (short term)	15.005.369		13.604.355	
1) trade receivables (long term)	204.174		203.017	
4) tax credit	2.423.804		9.063.294	
4) bis advances Tax	4.330.529		3.912.867	
5) receivables from others	5.544.676		11.557.090	
Total II		27.508.552		38.340.624
IV Cash and cash equivalent				
1) bank accounts	11.484.834		4.503.232	
3) cash money	3.695		3.430	
Total IV		11.488.529		4.506.662
TOTAL CURRENT ASSETS (C)		114.728.753		107.446.843
PREPAYMENTS AND ACCRUED INCOME				
Accrued income	-		281.619	
Prepayments	642.366		613.831	
TOTALE ACCRUED EXPENSES AND DEFERRED (D)		642.366		895.450
TOTAL ASSETS		149.472.038		140.979.110

LIABILITIES	31.03.2019		31.03.2018	
A) EQUITY				
I SHARE CAPITAL	10.000.000		10.000.000	
IV LEGAL RESERVE	256.636		256.636	
VI OTHER RESERVES:				
- FROM CONVERSION OF debt	9.369.943		15.000.000	
VIII PROFIT (LOSS) OF PREVIOUS YEARS			4.876.085	
IX PROFIT (LOSS) OF THE YEAR	-2.240.694		-10.506.142	
TOTAL (A)		17.385.885		19.626.579
B) PROVISION				
2) tax provision	285.107		82.532	
3) other provisions	11.468.516		6.196.096	
TOTAL (B)		11.753.623		6.278.628
D) PAYABLES				
3) payables to shareholders for financial loans	3.843.638		28.282.212	
- within 12 months	1.793.638		23.090.760	
- over 12 months	2.050.000		5.191.452	
4) Payables to bank (within 12 months)	48.676.612		12.886.553	
- within 12 months	-		12.886.553	
- over 12 month	48.676.612		-	
6) advances	44.816.654		41.899.339	
7) trade payables	15.336.248		19.177.205	
11) payables to parent company	18.020		416.704	
11-bis) Payables vs company under the control of parent company	34.641		32.894	
12) tax debts	781.200		3.394.028	
13) social security's debts	920.615		1.183.325	
14) other payables (short term)	5.460.602		7.801.643	
- within 12 months	3.460.602		3.801.643	
- over 12 months	2.000.000		4.000.000	
TOTAL (D)		119.888.230		115.073.904
E) ACCRUALS AND DEFERRED INCOME	444.301		-	
TOTAL (E)		444.301		-
TOTAL LIABILITIES		149.472.038		140.979.110

PROFIT AND LOSS	31.03.2019		31.03.2018	
A) PRODUCTION VALUE				
1) revenues from sales and services	50.559.835		104.019.584	
3) change in wip inventory	5.006.125		(33.189.084)	
4) increase of intangible asstes	2.051.347		-	
5) other revenues	15.469.300		3.515.224	
Total (A)		73.086.607		74.345.724
B) PRODUCTION COSTS				
6) cost for raw materials	28.817.632		32.589.034	
7) cost for services	9.143.138		13.148.808	
8) costs for rent	492.082		469.084	
9) payroll cost:				
a) salary	12.609.389		13.285.927	
b) social securities	4.256.974		4.696.935	
c) empl. benefits accruals	685.628		931.856	
e) other payroll costs	602.621		156.259	
10) deprec. and write-off:				
a) deprec. on intangible assets	180.631		156.106	
b) deprec. on tangible assets	839.897		2.013.951	
d) deprec. of crediti on the current assets	-		20.203	
11) change in raw material inventory	776.927		604.655	
12) risk provision	1.315.222		11.714.550	
13) other provision	8.268.480		1.530.710	
14) other operating costs	5.660.471		2.550.607	
Total (B)		73.649.093		83.868.686
		(562.486)		(9.522.962)
C) FINANCIAL INCOME AND EXPENSES				
16) other financial revenues:				
d) - financial revenues from third parties	1.486		183	
17) Other financial expenses:				
- from parent company	(384.124)		(2.047.265)	
- from others company under the control of parent company	(76.914)		(31.333)	
- from other company	(1.346.096)		(674.343)	
17bis) - Profint and loss on currency change	(30.054)		(124.355)	
Total financial income and expenses (16 - 17 - 17 bis)		(1.835.702)		(2.877.114)
NET INCOME BEFORE TAX (A - B - C - D)		(2.398.188)		(12.400.075)
22) Tax:				
a) - current tax	-		630.759	
b) - advanced tax	(215.087)		(2.772.511)	
c) - taxes previous years	57.593		247.819	
23) PROFIT (LOSS)		(2.240.694)		(10.506.142)

CASH FLOW STATEMENT	31/03/2019	31/03/2018
A) Cash flow from asset management		
Profit (loss) for the year	(2.240.694)	(10.506.142)
Income taxes	(157.494)	(1.893.933)
Interest payable/receivable	1.835.702	2.877.114
1) Pre-tax and Interest Profit (loss) for the year	(562.486)	(9.522.962)
Corrections for elements without corresponding items in net working capital		
Provisions	9.583.702	13.245.260
Tangible fixed asset amortisations and depreciations	1.020.529	2.170.057
2) Cash flow before cnn variations	***10.041.744***	***5.892.356***
Variations of net working capital		
Inventories decreases/(increases)	(11.132.114)	47.570.029
Receivables from clients decreases/(increases)	(1.428.179)	3.157.872
Other short term assets decreases/(increases)	12.487.326	5.136.675
Other long term assets decreases/(increases)	-	1.000.000
Payables to suppliers increases/(decreases)	(3.819.553)	(37.045.841)
Increases / (Decreases) Payables to Group Companies	(396.937)	287.480
Increases / (Decreases) Client Accounts	2.917.314	(26.789.673)
Increases / (Decreases) Other Liabilities	(2.787.672)	(2.492.843)
3) Cash flow after net working capital adjustments	***5.881.929***	***(3.283.946)***
Other write-downs		
Interest (paid)/received	(1.835.702)	(3.408.417)
(Income taxes paid)	(1.827.112)	(1.885.285)
(Use) of Provisions	(4.108.707)	(9.986.595)
4) Cash flow after adjustments	***(1.889.592)***	***(18.564.242)***
Cash flow from asset management (A)	**(1.889.592)**	**(18.564.242)**
B) Cash flow deriving from investment activities		
Intangible assets		
(Investments)/disinvestments and other transactions	(2.153.002)	(121.173)
Tangible assets		
(Investments)/disinvestments and other transactions	(331.628)	(640.200)
Investment cash flow (B)	**(2.484.631)**	**(761.373)**
C) Cash flow deriving from financing activities		
Increase/(Decrease) banks short-term liabilities payables	35.790.059	878.278
Increase (decrease) payable to Shareholders for financing	(24.438.574)	6.758.142
Advance payment for share capital increase	-	15.000.000
Capital increase per payment	-	-
Investments cash flow (C)	**11.351.485**	**22.636.420**
Total cash flow for the period (A+B+C)	**6.977.262**	**3.310.805**
Effect on exchange rates on cash	**4.606**	**(17.578)**
Starting balance of cash and cash equivalents	**4.506.662**	**1.213.435**
Ending balance of cash and cash equivalents	**11.488.529**	**4.506.662**

Caserta, 28 August 2019

The Chairman of the Board of Directors

NOTES
TO THE FINANCIAL STATEMENT
AT 31 March 2019

INTRODUCTION

The financial statements for the year ended March 31, 2019, approved by the Board of Directors on 26 June 2019, submitted for your examination and approval, show a negative result for the year of EUR 2,240,694, at net of current taxes and deferred receivables amounting to EUR 157,494 and amortisation of EUR 1,020,528.

The Financial Statements have been drawn up according to the rules indicated in the IV European Directive, Legislative Decree No. 127 dated 9 April 1991 with the amendments applied by corporate law reform on the subject of the corporate financial statements introduced by Legislative Decree No. 6 dated 17 January 2003 and Legislative Decree No. 310 dated 28 December 2004, and it complies with the provisions of articles 2423 et seq. of the Civil Code, amended by Legislative Decree 139/2015 (the "Decree"), interpreted and supplemented by the Italian accounting principles issued by the Italian Accounting Body ("OIC") in force from financial statements with a fiscal year starting on 1 January 2016. In this regard, it is specified that in 2016 various accounting standards were amended and updated as part of the review process specified by the OIC following the implementation of EU Directive 2013/34, and national legislation (the so-called "Accounting Directive") as shown in the following Notes, which details the assessment criteria adopted, the composition of the financial statement items and the main changes that occurred in their values.

The Financial Statements consist of the Balance Sheet (prepared in accordance with articles 2424 and 2424 bis of the Civil Code), the Income Statement (prepared in accordance with articles 2425 and 2425 bis of the Civil Code), and Cash Flow Statement (the content of which, pursuant to Article 2425-ter of the Civil Code, is presented in accordance with the provisions of accounting standard OIC 10) and by these Explanatory Notes, prepared in accordance with the provisions of Articles 2427 and 2427-bis of the Civil Code.

The entries not expressly reported in the Balance Sheet and Income Statement, established by articles 2424 and 2425 of the Civil Code and in the Cash Flow Statement submitted in compliance with accounting standard OIC 10, must be considered as zero balance. The right not to report such entries refers only to the case in which they are zero in both the current and the previous fiscal year.

Regarding additional information on the situation of the Company and on the performance and results of its operations as a whole and in the various sectors in which it has operated with particular regard to costs, revenues and investments, as well as a description of the main risks and uncertainties to which the Company is exposed, please refer to the Management Report.

The economic result for the year refers to costs and revenues accrued in the period from 1 April 2018 to 31 March 2019 and the comparison refers to the period from 1 April 2017 to 31 March 2018.

ASSESSMENT CRITERIA ADOPTED

The entries in the Balance Sheet and in the Income Statement have been reported according to the criteria established by the current provisions of the law, supplemented by the accounting standards drawn up by the National Council of Accountants and Bookkeepers and updated by the OIC documents published.

The assessment of financial statements entries was based on the general criteria of prudence and competence, in view of the continuation of the business, and taking into account the economic function of the asset or liability entry considered.

The economic function is an expression of the principle of prevalence of substance over form which, if not explicitly in contrast with other specific financial statements rules, allows the representation of the transactions according to the economic circumstances behind the formal aspects.

The application of the principle of prudence has led to the individual assessment of the elements that make up the individual entries or assets and liabilities, to avoid compensations between losses that had to be recognised and profits not to be recognised since not yet realised.

In compliance with the accrual principle, the effect of the transactions and other events was recorded in the financial statements and attributed to the fiscal year to which these transactions and events occurred, and not to the one in which the related account transactions take place (collections and payments).

There were no extraordinary circumstances that made it necessary to resort to the exemptions provided for by the Civil Code, in the fourth paragraph of article 2423 of the Civil Code and the second paragraph of art. 2423 - bis of the Civil Code.

The following are the assessment criteria adopted for the preparation of the financial statements at 31 March 2018 in compliance with art. 2426 of the Civil Code.

Intangible and tangible fixed assets

The intangible assets are constituted by non-monetary elements without physical consistence, clearly identifiable and for generating future economic benefits for the company. Such elements are acquired at the purchase or production price, including the costs directly attributable in the activity preparation phase leading to operation, net of accrued amortisation and any possible loss in value. The amortisation begins when the asset is available for use and is systematically distributed in relation to the residual possibility for use of the same and therefore on the basis of useful life. In the fiscal year in which the intangible asset is acquired for the first time the amortisation is determined by considering the actual use of the good.

Multi-year expenses have been recorded in the assets of the Balance Sheet since:
- their future usefulness is demonstrated;
- there is an objective correlation with the related future benefits that the Company will enjoy;
- their collection can be assessed with reasonable certainty.

Start-up and expansion costs and development costs have been recorded with the consent of the Board of Statutory Auditors and are amortised over a period of 5 years.
Until the amortisation of development, start-up and expansion costs is not completed, dividends may be distributed only if sufficient reserves are available to cover the amount of the costs not yet amortised.

Tangible assets are evaluated at the purchase or production price, net of accrued amortisation and of any possible loss in value. The cost includes each obligation directly sustained to prearrange the assets to their use in addition to any dismantlement and removal obligations sustained to bring the site back to the original conditions.
The obligations sustained for maintenance and the repairs of an ordinary or cyclical nature are directly attributed to the income statement in the fiscal year in which they were sustained. The capitalisation of the costs regarding expansion, modernisation or improvement of the structural elements owned or used by third parties is carried out exclusively in the limits in which they respond to the requirements for being classified separately as activity or part of an activity.
The value of a good is amended by systematic amortisation, calculated in relation to the residual possibility of utilising the same on the basis of useful life. In the fiscal year in which the intangible asset is acquired for the first time the amortisation is determined by considering its actual use.

The following are the depreciation rates applied to the assets included in the acquisition of the Business Branch and those newly acquired:

Category	Rate
Software and Licenses	20%
Other Intangible Fixed assets (e.g.. multi-year expenses)	20%
Buildings	3%
Plant and machinery	10%
Miscellaneous equipment:	25%
Electronic equipment	20%
Furniture and furnishings	12%

Concerning the assets included in the acquisition of the FAS Business Branch, which were subjected to a Purchase Price Allocation (PPA), the useful life was defined and, consequently, the related amortisation rates based on the appraisal carried out by the Management in charge taking advantage moreover of the expert evaluation by a primary consulting firm with a great expertise in assets evaulations.

The real estate properties, which fall within the scope of the acquisition of the Business Branch, have been acquired with reserve of ownership until the payment of the last instalment of the related payable, expected in 2020. All the risks and benefits related to these real estate properties have been transferred to the Company.

Even temporarily unused assets are subject to amortisation.

Ordinary maintenance costs are fully charged to the Income statement for the year in which they were incurred. Maintenance costs of an incremental nature of the assets to which they refer are attributed to these assets and amortised in relation to their residual possibility of use.

At each financial statement date, the Company assesses the presence of indicators related to permanent losses in value and if such indicators exist, the Company assesses the recoverable value of the asset and performs a depreciation whenever the value of the asset results to be consistently lower than the net book value. Please refer to the section "Write-downs for permanent losses in value for tangible and intangible fixed assets".

If, regardless of the depreciation already posted, there is a permanent loss in value, the asset is correspondingly depreciated; if the requirements for the depreciation no longer apply in the following fiscal years, the original value is restored.

Tangible fixed assets are revalued only in those cases where the law allows it.

Write-downs for permanent losses in value for tangible and intangible fixed assets.

On the basis of the OIC 9, at each financial statements date, the recoverability of the accounting value for tangible and intangible assets is verified in order to determine whether there is any sign that they may have suffered a loss in value. If such a sign exists, it is necessary to estimate the recoverable value of the asset to determine any loss in value.

The recoverable value of an asset is the greater of its *fair value* and its value in use determined as the current value of the future cash flows forecast.

A loss of value is recorded if the recoverable amount of the asset is lower than its accounting value. When, subsequently, a loss over an assets is missing or reduced, the accounting value of the asset is increased until a new assessment on the recoverable value without exceeding the value that would have been calculated if no loss had been recognised. This does not apply to goodwill.

Inventory
Surplus refers to inventories of *raw, ancillary and consumable materials* and are posted at the lower value between cost and market value. The cost is determined using the unit cost method with moving average (the so-called MAUC). The cost includes, in addition to the invoice price, ancillary costs such as duties, transportation and other taxes directly attributable to that material, at net of returns, commercial discounts, allowances and premiums.
The value of the inventories thus obtained is depreciated in order to take into account the obsolescence of the goods, as well as the actual sales on the basis of the movements of said goods.
The value of inventories is restored in the fiscal year in which the reasons for the previous depreciation no longer exist within the limits of the cost originally incurred.

Advanced Payments
The item "Advanced payments" includes amounts paid to suppliers before the delivery of the related assets.

Work in progress for orders in hand
Work in progress for orders in hand is assessed by applying the percentage of completion criterion if all the requirements of the OIC 23 are met, as follows:
- there is a binding contract for the parties that clearly defines the obligations and, in particular, the right to the fee for the contractor;
- there is the right to payment for the company that carries out the work, which accrues with reasonable certainty as the work is carried out;
- there are no situations of uncertainty related to the contractual conditions or external factors of such magnitude as to make it doubtful whether the parties are able to meet their obligations;
- the result of the order can be reliably measured.

If the aforementioned requirements do not apply, the criterion of completed contract applies.

Based on the percentage of completion criterion, the assessment of inventories for work in progress for orders in hand is carried out to the extent of the revenue accrued at the end of each fiscal year, calculated with reference to the progress status of the works, which gives the certainty that the accrued income is definitively recognised to the contractor as remuneration for the value of the work performed. The value of the works or services performed during the fiscal year is shown in the production value, calculated as the sum of the revenues from sales and services (entry A1), which reflect the work fully paid in the fiscal year, and the variations in work in progress for orders in hand (entry A3), equal to the variation in inventories for works carried out and not yet fully paid at the beginning and end of the fiscal year respectively.

At the time of initial calculation, advanced payments and deposits are recorded under the liabilities in entry D6 "advanced payments". In the case of final invoicing of the works, against payments acquired on a final basis, advances and deposits are reversed from the liabilities as a contra-entry at the time of posting of the revenue in entry A1 "revenues from sales and services". Revenue recognition is carried out only when there is the certainty that the accrued revenue is fully recognised as remuneration for the value of the works carried out, on the basis of the progress of works prepared in cooperation with the client and accepted by the client. In any case, with reference to the single job order, if the invoicing is higher than the amount of the remuneration accrued according to the progress of the works, the excess amount is posted under liabilities in entry D6 "Advanced payments".

In the absence of disputes, price revision surcharges, if they can be reliably calculated and based on clear calculation terms, are posted among revenues as the works to which they refer are carried out. Similarly, any official project variants are recognised as a variation in revenues (in this case as an increase or decrease). Any *claims* or incentives are included in the revenue if by the date of the financial statements there is formal acceptance by the client or, even if there is no formal acceptance, on the financial statements date the incentive or request for additional remunerations are accepted on the basis of the most recent information and historical experience.
The *pre-operational* costs (e.g. design costs and those costs for specific analyses for the job order) incurred after the acquisition of the contract are recorded under contract costs. The costs incurred prior to the acquisition of the job order are instead included in the related costs only if specifically chargeable to it and the acquisition of the job order takes place, or becomes reasonably certain, in the same fiscal year in which the costs are incurred or between the closing date of the financial statements and the date of

preparation of the financial statements, and these costs are reliably measurable and recoverable through the job order margin.

The costs to be incurred after the end of the job order are included in the related costs and in the cost estimate; after the completion of the job order, for the amount of these costs not yet incurred then appropriate adjustments to risks and contingencies provision are applied.

If the conditions for the application of the percentage of completion criterion are not met, the completed job order criterion is adopted. In this case, the job orders in progress at the end of the fiscal year are recorded at the lower between their cost of production, equal to the charges incurred for the works performed but not yet completed, and the realisation value based on the market trend. The recognition of revenues and the related job order margin is entirely deferred to the fiscal year in which the works are completed and delivered.

Regardless of the valuation criterion adopted, if it is likely that the total costs assessed for an individual job order exceed the total revenues assessed, the likely loss for completion of the contract is recorded as a decrease in work in progress for orders in hand in the fiscal year in question. If this loss is greater than the value of the work in progress posted, a specific provision for risks and contingencies equal to the surplus is recorded in the financial statements.

The risks and contingencies provision related to job order losses (including penalties) have been posted at net of entry C.I.3 - Inventories for contract work in progress for orders in hand. Please refer to the specific comment section for more information.

Receivables

Receivables arising from revenues originating from the sale of goods or services are recognised under current assets on an accruals basis when the conditions for the recognition of the related revenues are met.

Receivables originating for different reasons are posted if there is a "title" to the receivable and thus when they actually represent a third party obligation towards the company; if they are of a financial nature, they are posted as financial fixed assets, specifying the portion due within the next fiscal year).

Receivables are assessed at their amortized cost, taking the temporal factor into account, and within the limits of their estimated realisable value and, therefore, are shown in the balance sheet at net of the related depreciation provision deemed adequate to cover the losses due to reasonably predictable bad debts.

If the interest rate of the transaction is not significantly different from the market rate, the receivable is initially posted at the nominal value at net of all premiums, discounts, rebates and inclusive of any costs directly attributable to the transaction that generated the receivable. These transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are subdivided over the term of the receivable using the effective interest criterion.

Instead when it appears that the interest rate of the transaction based on contractual conditions is significantly different from the market rate, the receivable (and the corresponding revenue in the case of commercial transactions) is initially recognised at a value equal to the present value of future cash flows, plus any transaction costs. The rate used to discount future cash flows is the market rate.

In the case of receivables arising from commercial transactions, the difference between the initial recognition value of the receivable thus determined and the maturity value at term is posted in the income statement as financial income over the term of the receivable using the effective interest rate criterion.

In the case of financial receivables, the difference between the cash and cash equivalents provided and the present value of future cash flows, calculated using the market interest rate, is recorded under financial charges or financial income in the income statement at the time of its initial recognition, unless the transaction or contract leads to assigning it to a different entry. Subsequently, interest income accrued on the transaction is calculated at the effective interest rate and charged to the income statement with a contra-entry to the value of the receivable.
The value of receivables is subsequently decreased by the amounts received, both in terms of principal and interest, as well as for any depreciation to bring the receivables back to their presumed realisable value or for losses.

The Company deems irrelevant the effects deriving from the application of amortised cost and discounting when the maturity of the receivables is within 12 months, also taking into account all the contractual and substantial considerations in force when the receivable is recognised, and the transaction costs and any difference between the initial value and the nominal value at maturity is not significant. In this case, discounting is omitted, interest is calculated at the nominal value and transaction costs recorded as deferred income and amortised at a constant rate over the term of the receivable to adjust nominal interest income.

Write-off of Receivables
A receivable is written off from the financial statements when:

- the contractual rights on the cash flows deriving from the receivables are extinguished; or
- the ownership of the contractual rights on the cash flows deriving from the receivables is transferred and substantially all the risks inherent in the receivable are transferred with it.

For the purposes of assessing the transfer of risks, all the contractual clauses are taken into account, such as repurchase obligations when certain events occur or the existence of commissions, deductibles and penalties exist due to non-payment.

When the receivable is written-off from the financial statements following a sale that leads to the substantial transfer of all risks, the difference between the remuneration and the recognised value of the receivable at the time of the sale is recorded as a loss from disposal to be posted under item B14 of the Income Statement, unless the contract allows the identification of economic elements of a different nature, including financial ones.

When the transfer of receivable does not involve the substantial transfer of all risks (e.g. contracts with recourse), the receivable is kept in the financial statements. In case of advance of a portion of the remuneration agreed by the transferee, a payable is recorded as a contra-entry to the advance payment received. The cost elements, such as interest and commissions, to be paid to the transferee are recorded in the income statement based on their nature.

If, also by virtue of a transfer agreement capable of transferring substantially all risks inherent in the receivable, certain minimal risks are identified by the Company, the existence of the conditions for making a special provision to the risk provision is assessed.

Cash and cash equivalents
Cash and cash equivalents refer to bank deposits, postal deposits and checks (current account, bank drafts and the like) and are assessed according to the general principle of presumable realisation value that matches the nominal value unless in the case of potential bad-debt. Cash and duty stamps in hand are valued at their nominal value.

Accruals and deferrals
These entries include income and charges that are shared between two or more fiscal years, according to the matching and accrual principle. Based on this principle, the recognition of an accrual or deferral occurs when the following conditions are met:
- the contract starts in a fiscal year and ends in a subsequent one;
- the remuneration for services is contractually accrued or deferred in respect to services shared between two or more consecutive fiscal years;
- the amount of accruals and deferrals varies over time.

Income and charges are not included among the accruals and deferrals whose maturity falls in full in the fiscal year to which the financial statements refer or in subsequent ones. At the end of each fiscal year, it is verified whether the conditions that led to the initial recognition of the accrual or deferral are still met; if necessary, the appropriate value adjustments are made. This assessment takes into account not only the passage of time but also the likelihood of collection of the amount recorded in the financial statements. Any losses in value are recorded in entry b.10.d) "depreciation of receivables included in current assets and cash and cash equivalents", if the evaluations are referred to accruals and deferrals not under a financial form.

Risk and Contingency provisions

The Risks and Contingency provisions are posted as liabilities of a specific nature and likely existence, whose values are estimated. Therefore, they are potential liabilities connected to situations already existing at the financial statements date, but characterised by a state of uncertainty whose outcome depends on the occurrence or absence of one or more future events.

Contingency provisions are posted as liabilities of a specific nature and a certain existence, estimated in the amount or date of occurrence, connected to obligations already undertaken at the financial statements date, but which will have numerical expression in subsequent fiscal years.

The provisions are quantified on the basis of estimates that take into account all the elements available, in compliance with the accrual principle and the principle of prudence. These elements also include the time when at the posting date there is a certain obligation, by virtue of a binding contract or law obligation, whose disbursement can be reliably assessed and date of occurrence, reasonably identified, is sufficiently distant in time to make the current value of the obligation at the financial statements date significantly different from the value assessed at the time of disbursement.

No generic risk provisions were set up without financial justification.

The potential liabilities, if existing, are posted in the financial statements and in the provisions only if deemed likely and if the amount of the related charge can be reasonably estimated. Therefore, remote risks were not taken into account, while in the case of potential liabilities deemed possible, even if not probable, information was provided in the explanatory notes regarding the uncertainty, where relevant, that would lead to the loss, the estimated amount or information that the same could not be calculated, as well as other possible effects if not evident, the opinion of the company's top management and its legal advisers and other experts, where available.

Regarding the classification, risks and contingencies provisions are posted primarily in the cost entries in the income statement for the relevant classes (B, C or D) according to their nature. When the correlation between the nature of the provision and one of the entries in the aforementioned classes is not immediately applicable, risks and contingencies are recorded under entries B12 and B13 of the Income Statement.

Advanced Payments

Under the entry "Advanced payments" are posted all advanced payments received from clients for supplies of goods or services not yet carried out.

Financial

Payables arising from the acquisitions of assets are recorded in the balance sheet when significant risks, charges and benefits associated with ownership have been substantially transferred. Payables related to services are recognised when the services have been rendered, that is the service has been performed.

Financial payables arising from financing transactions and payables arising for reasons other than the purchase of goods and services are recognised when the company's obligation to the counterparty exists, identified on the basis of legal and contractual provisions.

Payables are measured in the financial statements at amortised cost, taking the time factor into account. If the interest rate of the transaction is not significantly different from the market rate, the payable is initially recorded at the nominal value at net of all transaction costs and all premiums, discounts and rebates directly deriving from the transaction that generated the payable. These transaction costs, such as ancillary costs for obtaining financing, any commission income and expenses and any difference between the initial value and the nominal value at maturity are subdivided over the term of the receivable using the effective interest criterion.

Instead when it appears that the interest rate of the transaction based on contractual conditions is significantly different from the market rate, the payable (and the corresponding cost in the case of commercial transactions) is initially recognised at a value equal to the present value of future cash flows, and keeping into account any transaction costs. The rate used to discount future cash flows is the market rate.

In the case of payables arising from commercial transactions, the difference between the initial recognition value of the payable thus determined and the maturity value at term is posted in the income statement as financial cost over the term of the payable using the effective interest rate criterion. In the case of financial payables, the difference between the cash and cash equivalents provided and the present value of future cash flows, calculated using the market interest rate, is recorded under financial charges or financial

income in the income statement at the time of its initial recognition, unless the transaction or contract leads to assigning it to a different entry. Subsequently, interest charges accrued on the transaction are calculated at the effective interest rate and charged to the income statement with a contra-entry to the value of the payable.
The value of payables is subsequently reduced by the amounts paid, both for principal and interest amounts.

The Company deems irrelevant the effects deriving from the application of amortised cost and discounting when the maturity of the payables is within 12 months, also taking into account all the contractual and substantial considerations in force when the payable is recognised, and the transaction costs and any difference between the initial value and the nominal value at maturity is not significant. In this case, discounting is omitted, interest is calculated at the nominal value and transaction costs recorded as deferred charges and amortised at a constant rate over the term of the payable to adjust nominal interest charges.

Payables to other Group companies
Entries D9, D10 and D11 respectively include payables to subsidiaries, associated companies and parent companies, as defined in accordance with art. 2359 of the Civil Code. These payables have a marked separately in the balance sheet.
Entry D11 also includes payables to parent companies that control the Company indirectly through their intermediary subsidiaries.
Payables to companies subject to common control (the so-called sister companies), other than subsidiaries, associated or parent companies, are recorded under entry D11-bis.

Revenues
Revenues from transactions involving the sale of goods are recognised on an accruals basis when both of the following conditions are met:

- the production process of goods or services has been completed;
- the exchange has already taken place, that is the substantial and non-official transfer of the ownership title has occurred. In the case of sale of goods, this moment is represented by the shipment or delivery of the asset, while for goods for which a public deed is required (immovable and movable property) it is represented by the date of signature of the sale/purchase contract. In the case of services, the exchange is deemed to have taken place when the service is rendered, that is when the service is performed.

Revenues from the provision of services are recognised on the date in which the services are completed or, for those dependent on contracts with periodic fees, on the accrual date of the remuneration.

Revenues from sales are recognised at net of returns, discounts, rebates and premiums, as well as taxes directly connected with the sale of the products and the provision of services and adjustments of revenues pertaining to the fiscal year are directly deducted from the revenues.

The item "other revenues and income" includes income assets of a non-financial nature deriving exclusively from ancillary management.

Operating

Purchase costs are recognised on an accruals basis. Costs for raw materials, ancillary materials, consumables and goods are inclusive of any ancillary purchase costs (transportation, insurance, loading and unloading, etc.) if included by the supplier in their purchase price, otherwise they are entered separately in costs for services based on type. Posted among the costs there are not only those costs of certain amount, but also those not yet documented for which the transfer of ownership has already occurred or the service has already been received.

Financial income and charges

They include all the positive and negative entries related to fiscal year result related to the company's business and are recognised on an accruals basis.

Income tax on fiscal year profit

Direct taxes for the fiscal year are recorded on the basis of an estimate of taxable income, in accordance with the provisions of the law and the tax rates in force, taking into account any applicable exemptions.

An analysis is also performed to determine the existence of temporary differences between assets and liabilities and the corresponding values relevant for tax purposes and/or between the income entries posted in the Income Statement and those taxable or deductible in future fiscal years for the purpose of recording the relevant taxes, as established by the OIC No. 25.

In the presence of taxable temporary differences, deferred tax liabilities are posted in the financial statements without prejudice to the exceptions established in the OIC No. 25.

If there are temporary deductible differences, deferred tax assets are recognised only if there is a reasonable certainty of their future collection.

If there are tax losses, deferred tax assets are recognised and posted in the amount of future tax benefits associated with them, within the limits of the taxable results that can be realised according to a tax forecast within the reasonable period of 5 years.
Prepaid and deferred taxes are calculated on the cumulative amount of all temporary differences for the fiscal year, applying the tax rates in force in the fiscal year in which the temporary differences will occur, as provided for by the tax regulations in force at the financial statements date.

Prepaid tax assets and deferred tax liabilities are not discounted.

For the purpose of classification in the financial statements, tax receivables and payables are only offset if there is a legal right to do so for the amounts recognised under tax legislation and there is the intention to settle tax payables and receivables on a net basis in a single payment.

Criteria for the conversion of a foreign currency entry

In accordance with art. 2426, paragraph 1, No. 8-bis of the Civil Code, monetary assets and liabilities in currencies other than the operating currency with which the financial statements are submitted (the so-called "Account currency"), after initial recognition, are recorded at the exchange rate on the closing date of the fiscal year. The resulting profit or losses on exchange rates are charged to the income statement under entry C17-bis) "currency exchange profit and losses" and any net profit, which contributes to the result for the fiscal year, is allocated to a specific reserve that cannot be distributed until its realisation.
Non-monetary assets and liabilities in currencies other than the account currency are recorded at the exchange rate in force at the time of their purchase. If the exchange rate in force at the closing date of the fiscal year is significantly different from the one existing at the purchase date, the exchange rate variation is taken into account in the assessment process to determine the value recorded in the financial statements for the individual transactions. In this case, therefore, any exchange differences (positive or negative) contribute to the calculation of the recoverable value.

The following are the exchange rates at 31 March 2019 for the currencies subject to adjustment:

Currency		Exchange
Norwegian krone	NOK	9.74

Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the values of the assets and liabilities in the financial statements and on the disclosure related to potential assets and liabilities. The processing of these estimates implies the use of available information, and the adoption of subjective evaluations based on experience. By their nature, the estimates and assumptions used may vary from year to year and, therefore, it is not excluded that in the subsequent fiscal years the current financial statements values may differ following a change in the subjective assessment used. The main estimates for which the majority of subjective assessment is use applies to:

- The assessment for the collection of some asset values (tangible and intangible fixed assets, depreciation of receivables, etc.);
- Risk provision allocations;
- Deferred taxes, whose posting is supported by the prospect of taxation resulting from expected profitability.

The estimates and assumptions are reviewed periodically and the effects of every change is reflected in the income statement for the period in which the change is recorded.

Cash flow statement

The cash flow statement includes all the outgoing and incoming cash flows of cash and cash equivalents in the fiscal year. In the cash flow statement, the individual cash flows entries are presented separately in one of the following categories:

a. income management;

b. investment activities:

c. financing activities.

The cash flows categories are listed in the sequence indicated above. The cash flow for income management is calculated using the indirect method, or by adjusting the profit or loss for the fiscal year reported in the income statement. The sum of the cash flows for each category listed above represents the net variation (increase or decrease) of cash and cash equivalents occurred in the fiscal year.

The OIC 10 establishes that:

The interest paid and received must be posted separately among the cash flows of the income management, except in special cases in which they refer directly to investments (investment activities) or financing (financing activities);

- Dividends received and paid are posted separately, respectively, in the income management and financing activities;
- Cash flows related to income taxes are posted separately and classified under income management.

Changes in accounting principles

Without prejudice to what is specified in the section "Rules of first application", regarding the transition to the rules contained in the new set of accounting principles of the OCI and civil law provisions that have implemented the so-called "Accounting Directive", and to the related choices made by the Company, below are the accounting policies adopted on the occasion of changes in voluntary accounting standards or even mandatory ones if there are no different specific rules.

The change in an accounting principle is recognised in the fiscal year in which it is adopted and the related facts and transactions are processed in accordance with the new principle, which is applied by considering its effects retroactively. This entails the accounting recognition of said effects on the opening balance of the net equity for the fiscal year.

For comparison purposes only, when feasible or not excessively burdensome, the opening balance of the net equity of the previous fiscal year and the comparative data of the previous fiscal year are adjusted as if the new accounting principle had already been applied.

When it is not feasible to calculate the previous cumulative effect of the change of principle or the calculation of the previous effect is excessively burdensome, the Company applies the new accounting principle starting from the first date in which this is feasible. When this date coincides with the beginning of the current fiscal year, the new accounting standard is applied prospectively.

The effects deriving from the adoption of the new principles on the Balance Sheet, Income Statement and Cash Flow Statement, where present, have been highlighted and commented on in these Explanatory Notes in correspondence of the explanatory notes related to the specific entries in the financial statements.

The amounts listed in these Explanatory Notes are in units of Euro, unless otherwise specified.

INFORMATION NOTES

BALANCE SHEET - ASSETS

FIXED ASSETS

At 31 March 2019, the total of Fixed Assets amounted to €/thousand 34,101 (€/thousand 32,637 as of 31 March 2018).

• INTANGIBLE FIXED ASSETS

The intangible fixed assets, amounted to €/thousand 2,623 net of the relative depreciation fund amounted to €/thousand 453 are relative mainly, as increase for the year, to the costs of development sustained for the design and construction of new technological platforms to be implemented on current and future projects, and not amortised because are not completed yet, as well as to the purchase of software and licenses necessary for carrying out the industrial and technical activities. These following developments costs have been capitalised at the end of this financial statement, and the amortization will start in the next year.

The following table shows the transactions occurred in the fiscal year:

Intangible assets	Franchises, licenses, trademarks and similar rights	Other intangible assets	Current intangible fixed assets	Development Costs	Total
Historical cost at 31/03/2018	671,893	108,636	140,611	0	921,140
Increases over the year	103,088	0	0	2,051,347	2,154,435
Reclassifications	140,611	0	0	0	140,611
Decreases over the year	0	0	(140,611)	0	(140,611)
Historical cost at 31/03/2019	**915,592**	**108,636**	**0**	**2,051,347**	**3,075,575**
Amortisation provision at 31/03/2018	(243,545)	(27,159)	0	0	(270,704)
Amortisation over the year	(158,904)	(21,727)	0	0	(180,631)
Amortisation provision at 31/03/2019	**(403,881)**	**(48,886)**	**0**	**0**	**(452,767)**
Balance at 31/03/2018	412,054	97,772	140,611	0	650,437
Balance at 31/03/2019	**511,711**	**59,750**	**0**	**2,051,347**	**2,622,808**

• TANGIBLE FIXED ASSETS

Tangible fixed assets, at net of the related amortisation provision amounting to €/thousand 6,516 are amounting to €/thousand 31,478.

The following table shows the transactions occurred in the fiscal year:

Tangible assets	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Current tangible assets	Total
Historical cost at 31/03/2018	12,030,845	18,554,293	4,704,439	1,788,861	408,928	186,059	37,673,425
Increases over the year		554,072	190,687	72,574	88,960	1,170	907,463
Decreases over the year			(475,458)	(5,000)	(58,742)	(47,109)	(586,310)
Historical cost at 31/03/2019	12,030,845	19,108,365	4,419,668	1,856,435	439,145	140,120	37,994,578
Amortisation provision at 31/03/2018		(2,036,215)	(2,371,672)	(1,121,354)	(157,801)		(5,687,042)
Amortisation over the year		(378,289)	(287,435)	(148,944)	(25,229)		(839,897)
Amortisation provision at 31/03/2019		(2,448,975)	(2,624,636)	(1,265,298)	(177,556)		(6,516,465)
Balance at 31/03/2018	12,030,845	16,518,078	2,332,767	667,507	251,127	186,059	31,986,383
Balance at 31/03/2019	12,030,845	16,659,390	1,795,032	591,137	261,589	140,120	31,478,113

•• **Land and Buildings** amounted to €/ thousand 28,690. The entry includes land for €/thousand 12,031, industrial buildings for €/thousand 16,659 at net of the amortisation provision amount to €/thousand 2,449.

The increases in the Buildings entry amount to €/thousand 554 refer to the reclassification for correct allocation of the Plant and Machinery class registry fee for €/thousand 475 and for €/thousand 78 for extraordinary maintenance activity on Buildings already in place at 31 March 2018.

•• **Plant and machinery** amounted to €/thousand 1,795. The entry includes specific plants and machinery for €/thousand 906 at net of the amortisation provision amounting to €/thousand 1,058 and automatic machines for €/thousand 889 at net of the amortisation provision amounting to €/ thousand 1,566.

The increases for the entry plant and machinery for €/thousand 191 refer to the release of the photovoltaic system for €/thousand 55, to the extraordinary maintenance of the systems already in place at 31 March 2018 for €/thousand 78, and to the purchase of specific systems for the development of industrial projects for €/thousand 57.

•• **Industrial and commercial equipment** amounted to €/thousand 591 and refers only to industrial and commercial equipment, at net of the amortisation provision for €/thousand 1,265.
The increases in the entry Industrial and commercial equipment amount to €/thousand 72 refer to the purchase of equipment for the construction phases amount to €/thousand 51 and to extraordinary maintenance of equipment already in place at 31 March 2018 amount to €/thousand 21.

•• **Other assets** amount to €/thousand 261. The entry includes Furniture and furnishings for€/thousand 103 at net of the amortisation provision amounting to €/thousand 62, Electronic office equipment for €/thousand 136 at net of the amortisation provision for €/thousand 68, Internal transport vehicles for €/thousand 22 at net of the amortisation provision amounting to €/thousand 47.
The increases for the entry other assets for €/thousand 89 refer to the purchase of the electric and electronic machines for €/thousand 72, to the extraordinary maintenance of the vehicles already in place at 31 March 2018 for €/thousand 8, and to the purchase of furniture and furnishings for €/thousand 9.

•• **Tangible fixed assets in construction** amount to €/thousand 140. The entry consists of €/thousand 130 for the project of renovation of the runway for wagon transhipment for a total value of €/thousand 434, activities expected to be completed by 2021; and for €/thousand 10 for the creation of various equipment for the construction department.
As reported in the Management Report at paragraph "Significant events which occurred during the fiscal year", the Company has provided for changing the useful life of movable assets, due to the new estimate carried out by an independent consultant, and which revealed that "the types of assets subject to revision have a low technological obsolescence and the high average age of the assets leads them to a period of reduced loss of value at the end of life, which in line with the reduced technological obsolescence and considering the investments of the period, has highlighted a residual life in alignment with the results of the previous appraisal". The above considerations have led to a reduction in the depreciation charge for the period.

CURRENT ASSETS

Current assets amounted to €/thousand 114,729 (€/thousand 107,446 at 31 March 2018) and include:

• **Inventories**, amounting to €/thousand 75,731 (€/thousand 64,599 at 31 March 2018) subdivided as follows:

Inventory	31/03/2019	31/03/2018	Variations
Raw materials, ancillary materials and consumables	**18,312,624**	**19,403,223**	**(1,090,599)**
Work in progress for orders in hand - gross	*58,292,485*	*52,406,208*	*5,886,278*
(Provision for job order losses)	*(4,090,628)*	*(13,417,945)*	*9,327,317*
Work in progress for orders in hand	**54,201,857**	**38,988,262**	**15,213,595**
Advanced Payments	**3,217,190**	**6,208,072**	**(2,990,882)**
Total	**75,731,671**	**64,599,557**	**11,132,114**

•• **Raw Materials, ancillary materials and consumables** amounted to €/thousand 18,313. The entry broken down by site is shown in the details below (amounts shown in €/thousand).

Warehouses	31/03/2019	31/03/2018	Variations
Caserta	15.118.986	16.936.982	(1.817.996)
Tito (PZ)	2.340.714	1.291.004	1.049.710
Spello (PG)	777.363	778.659	(1.296)
Goods in transit	75.561	396.578	(321.017)
Devaluation Fund Warehouse	-	-	0
Total	**18.312.624**	**19.403.223**	**(1.090.599)**

•• **Work in progress for orders in hand** amounted to €/thousand 54,202 (€/thousand 38,988 at 31 March 2018).
As already described above, the balance of the entry is shown at net of probable losses forecast and estimated at 31 March 2019, amounting to €/thousand 4,090, of which €/thousand 328 are related to penalties for late delivery and €/thousand 3,762 for future losses on job orders.

The *Penalty Provision* refers to the costs for delayed delivery that the Company expects to sustain on the basis of the contractual clauses signed with the clients and the delivery time estimated for the products.

The *Future Losses Provision* refers to the greater costs estimated to be sustained for completing the projects in place. Such entry includes greater funds in the year for the Revamping project of n. 25 Rapid Electric Trains, series T21 for the former Naples - Vesuvian railway lines purchased in the Firema branch in special administration.

•• **Advanced payments** amounted to €/thousand 3,217 (€/thousand 6,208 at 31 March 2018) and refer to financial advanced payments made to suppliers for orders issued for goods not yet delivered and/or owned.

• The total amount of **Receivables** at 31 March 2019 is €/thousand 27,509 (€/thousand 38,341 at 31 March 2018). The description of the main entries is included below.

•• Receivables from clients amount to €/thousand 15,209 (€/thousand 13,807 at 31 March 2018). In detail the balance at 31 March 2019 is:

Trade receivables	31/03/2019	31/03/2018	Variation
Receivables for invoices issued - ITALY	10,863,040	10,634,622	228,418
Receivables for invoices issued - ABROAD	538,439	1,731,571	(1,193,132)
Receivables for invoices to be issued	3,633,605	1,267,877	2,365,728
Depreciation provision for receivables	(30,263)	(30,263)	-
TOTAL Trade receivables within 12 months	***15,005,369***	***13,603,807***	***1,401,562***
Guarantee withholdings	204,174	203,565	609
TOTAL Trade receivables beyond 12 months	***204,174***	***203,565***	***609***
Total	**15,209,542**	**13,807,372**	**1,402,170**

The increase in trade receivables compared to 31 March 2018, amounting to €/thousand 1,402, is mainly due to the increase in receivables for invoices to be issued. Particularly, this variance is determined, substantially, from the provision in the amount of €/thousand 1,525 related to 5% of the release from the guarantee of the SEPSA job and €/thousand 1,248 related to the TAF Trenitalia job.
Additionally, receivables for invoices issued abroad refer to the receivables claimed by the TFA NUF branch to the Norwegian end client and are all in foreign currency (Norwegian Krona - NOK) adjusted to the exchange rate in Euro at 31 March 2019.

•• **Tax credits** amounting to €/thousand 2,423 (€/thousand 9,063 at 31 March 2018) and compared to 31 March 2018 register a decrease amounting to €/thousand 6,639. Such variance is due substantially to the reduction of receivables from IRES/IRAP tax authorities and the reduction of VAT Mediocredito factoring of receivables during the month of March 2019 amounting to €/thousand 5,393.

•• **Prepaid tax receivables** amount to €/thousand 4,330 (€ 1,140 thousand at 31 March 2018) and are handled as follows: Increase related mainly in the amount of €/thousand 1.365 for prepaid taxes registered for losses during the fiscal year in accordance with the provisions of art. 84 of Italian Presidential Decree n. 917/86, decrease amounting to €/thousand 947 due to the reversal of the temporary difference from previous fiscal years.

It is noted that the Receivables for Prepaid Taxes were calculated considering the tax rate of 24%.

•• **Other receivables** amount to €/thousand 5,545 (€ / thousand 11,557 at 31 March 2018) and are as follows:

Other receivables	31/03/2019	31/03/2018	Variations
Receivables from employees	11.703	30.538	(18.835)
Receivables from GSE	67.561	124.082	(56.521)
Security deposits	5.410.439	5.050.479	359.960
Unicredit security account	1.295	6.349.990	(6.348.695)
Other	202.000	2.000	200.000
Total	**5.544.676**	**11.557.089**	**(6.012.413)**

The balance of "Receivables from GSE" refers to receivables from the Regulatory Authority for the sale of electricity produced by the photovoltaic plant owned by the Company.

The "Security deposits" balance mainly refers to amounts paid by the Company to guarantee the correct execution of the works already acquired or for works for which the tender process is still in progress. The principal amount refers to the security deposit paid for the TAF job order (€/thousand 5,024).

The "Unicredit security account" balance refers to the amounts financed by the shareholder Titagarh Wagon LTD and destined solely for the participation in the FNM tender for the supply of 120 electric trains. Such entry registers a decrease amounting to €/thousand 6,349 since such amount was reimbursed to the investor in virtue of the release received for not having been awarded the tender.

• **Cash and Cash equivalents** amount to €/thousand 11,488 (€/thousand 4,507 at 31 March 2018) and are mainly represented by cash available on bank and postal accounts.

Cash and cash equivalents	31/03/2019	31/03/2018	Variations
Bank deposits	11,484,834	4,503,232	6,981,602
Cash and cash equivalents in hand	3,695	3,430	265
Total	**11,488,529**	**4,506,662**	**6,981,867**

Please refer to the *Financial Statement* for the analysis of the transactions in the "cash and cash equivalents" balance for the fiscal year.

ACCRUALS AND DEFERRALS

Accruals and Deferrals amount to €/thousand 643 (€/thousand 895 at 31 March 2018). Such entry is made up, at 31 March 2019, solely for the entry prepaid expenses amounting to €/thousand 643.

NEGATIVE NET WORTH

NET EQUITY

Net equity amounts to €/thousand 15,750 of which €/thousand 10,000 from Share Capital, Legal Reserve in the amount of €/thousand 257, capital reserve for equity swap with the parent company in the amount of €/thousand 9,370, Profits (losses) carried forward for €/thousand 2,240 at 31 March 2019.

The transactions for the entry starting from the incorporation date of the Company are shown below:

Net equity	Share Capital	Legal reserve	Other reserves	Profits (losses) carried forward	Profit (loss) for the year	Total
TFA incorporation - 26/06/2015	200.000					200.000
Capital increase - Extraordinary Shareholder's M	9.800.000					9.800.000
Balance at 14/07/2015	10.000.000	-		-	-	10.000.000
Result for the fiscal year ended on 31/03/2016					1.138.489	1.138.489
Balance at 31/03/2016	10.000.000	-		-	1.138.489	11.138.489
Allocation of profit from the previous fiscal year		56.924		1.081.565	(1.138.489)	-
Result for the fiscal year ended on 31/03/2017					3.994.231	3.994.231
Balance at 31/03/2017	10.000.000	56.924		1.081.565	3.994.231	15.132.721
Allocation of profit from the previous fiscal year		199.712		3.794.520	(3.994.231)	-
Capital reserve for debt equity swap with parent company			15.000.000			15.000.000
Result for the fiscal year ended on 31/03/2018					(10.506.142)	(10.506.142)
Balance at 31/03/2018	10.000.000	256.636	15.000.000	4.876.085	(10.506.142)	19.626.579
Capital reserve for debt equity swap with parent company			(5.630.057)			
Result for the fiscal year ended on 31/03/2019					(2.240.694)	(2.240.694)
Balance at 31/03/2019	10.000.000	256.636	9.369.943	-	(2.240.694)	17.385.885

The Share Capital amounts to € 10,000,000 represented by Qty. 10,000,000 ordinary shares with a value of € 1.00 each, owned by the shareholders as follows:

- TITAGARH SINGAPORE PTE LIMITED, qty. of Shares 9,820,000;
- TITAGARH WAGONS LIMITED, qty. of Shares 180,000;

It should be noted that qty. 8,800,000 ordinary shares, equal to the nominal value of EUR 8,800,000 held by the shareholder Titagarh Singapore PTE Limited, have been pledged to ICIC Bank Limited Private Limited and Progress Corporate Service Private Limited.
The table below shows the net equity balances at 31 March 2019:

TYPE DESCRIPTION	VALUES AT 31.03.2019	POSSIBILITY OF USE	AVAILABLE AMOUNT
Share capital	10,000,000		
Legal reserve	256,636	A-B	256,636
Other reserves	9.369.943	A-B	7,129,247
Profits (losses) carried forward	(2.240.695)		
Total	**17,385,884**		**7,385,883**
Non-distributable share (multi-year expenses)		C	2,051,346

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

RISK AND CONTINGENCY PROVISIONS

At 31 March 2019, the total of **Risk and Contingency Provisions** amounted to €/thousand 11,754 (€/thousand 6,279 as of 31 March 2018). The following is a breakdown of the entry and the transactions over the fiscal year:

Risk and contingency provisions	31/03/2018	Increases	Decreases	31/03/2019
Taxes, including deferred taxes provisions	82,532	202,576	-	285,108
Product warranty provision	6,196,096	8,268,480	(2,996,061)	11,468,515
Total other risk and contingency provisions	6,196,096	**8,268,480**	**(2,996,061)**	11,468,515
Total	6,278,628	**8,471,056**	**(2,996,061)**	11,753,623

As already mentioned in the notes for the entry "Inventories - work in progress for orders in hand" the provisions for risks and contingencies related to job orders (penalties and future losses) have been posted at net of the aforementioned entry in the inventories.

The balance for the entry *"Product Warranty Provision"* refers to the obligations to be sustained as contractually provided for the supply of replacement parts and included stock, as well as full service services for the corrective and scheduled maintenance for the 12 Sepsa traction units and the 9 Mcne traction units for a period of 6 years.

The year's increase for the *"Deferred Tax Provision"* is relative to the increased taxes generated from the taxable temporary differences taxable on the depreciation for the period.

Regarding the *other potential liabilities* to which the Company may be at risk, it should be noted that lawsuits and labour disputes with former TFA employees and "Firema" employees not included in the hiring plans that the Company has implemented over the year are ongoing. Regarding the aforementioned disputes, the Company, also supported by legal opinions, did not deem it necessary to allocate liabilities to the risks and contingencies provision.

PAYABLES

Payables amount to €/thousand 119,888 (€/thousand 115,074 at 31 March 2018).

• **Payables to shareholders for financing**, totalling €/thousand 3,844 (€/thousand 28,282 at 31 March 2018) refer to €/thousand 3,828 for the value of loans received from the partner Titagarh Singapore PTE Limited on the basis of the loan agreement dated 30 September 2015, at an interest-bearing rate of 6.5% per year and for €/thousand 15 for the value of loans received from the shareholder Titagarh wagons LTD on the basis of the loan agreement dated 8 March 2018 at an interest bearing rate of 4%.

• **Payables to banks after the current fiscal year,** amounting to €/thousand 48,677 (€/thousand 41,890 as of 31 march 2018) refer to the loan from the Banca Baroda following the signing of the agreement of 14 June 2018 structured as a loan for 50M€ and as a line of credit for the remaining 50M€ at a rate equal to the Euribor at 6 months and with a spread of 2.65%. Such liability has been registered according to the criteria of depreciation cost and effective interest rate, in accordance to art. 2426, paragraph 1, n. 8 civil code and is represented by the nominal value of the debt net of relative transaction costs. The contract provides for a grace period of 39 months, an overall duration of the loan of eight years with a repayment of capital on a straight-line basis from the thirty-ninth month and the compliance with certain financial covenants. We point out at 31 March 2019 that, despite the failure to comply with one of the four financial covenants, provided for in the contract with Bank of Baroda, the bank, through a waiver letter of exemption forwarded to the Company to 27 August 2019, has expressly waive the testing of the said covenants till 31 March 2021, and accordingly the Company has classified this debt over one year in accordance with the original amortization plan.

• **Advanced payments** in the amount of €/thousand 44,817 (€/thousand 41,899 at 31 March 2018) refer to contractual advanced payments from clients and advanced payments from clients on work in progress related to remuneration not yet received in full and posted as a contra-entry to the entry Inventories work in progress for orders in hand.

• **Payables to Suppliers** amounted to €/thousand 15,336 (€/thousand 19,177 as of 31 March 2018). A detailed breakdown of the entry at March 31, 2019 is shown below:

Payables to suppliers	31/03/2019	31/03/2018	Variations
Italian suppliers for invoices received	12,735,936	21,080,597	(8,344,661)
Foreign suppliers for invoices received	392,523	240,687	151,836
suppliers for invoices to be received	2,223,835	2,280,025	(56,190)
Credit notes to be received	(32,898)	(4,427,321)	4,394,423
Guarantee withholding	16,852	3,216	13,636
Total	**15,336,247**	**19,177,204**	**(3,840,957)**

At 31 March 2019, payables in foreign currency amounted to approximately €/thousand 4 and refer to payables in Norwegian currency established by the TFA NUF branch.

• **Taxes** amount to €/thousand 781,200 (€/thousand 3,394 at 31 March 2018) and are detailed as follows:

Tax payables	31/03/2019	31/03/2018	Variations
IRES Payables	(19)	1,690,555	(1,690,574)
IRAP Payables	-	611,419	(611,419)
Payables for personnel compensation withholding	187,635	174,850	12,785
Norway VAT payables	4,302	283,928	(279,626)
Other payables	589,282	633,277	(43,995)
Total	**781,200**	**3,394,029**	**(2,612,829)**

The entry other payables amounts to €/thousand 589 and it is mainly related to the registration tax due for acceptance of the agreement proposal by the Revenue Agency following the private deed dated 11 January 2017 between TFA and Firema Trasporti in A.S. related to the purchase of the branch of the company dated 9 july 2015.

• **Payables to pension institutes** are amounting to €/thousand 920 (€/thousand 1,183 at 31 March 2018) and are for the accruals to be paid in the month of April 2019 and are as such detailed

Payables to pension and social security institutes	31/03/2019	31/03/2018	Variations
Previndal/Fasi	21,058	36,571	(15,513)
Inps/Inail Payables	429,873	645,849	(215,976)
Inps/Inail contributions on vacation days and ROL	348,261	384,412	(36,151)
Other social security payables	121,423	116,493	4,930
Total	**920,615**	**1,183,325**	**(262,710)**

• **Payables to others** amounted to €/thousand 5,461 (€/thousand 7,802 as of 31 March 2018) and are for:

Payables to others	31/03/2019	31/03/2018	Variations
Employees liabilities	1,138,076	1,167,088	(29,012)
FAS building purchase	2,000,000	2,000,000	-
Local taxes	229,516	207,897	21,619
Photovoltaic system purchase loan	-	331,112	(331,112)
Other payables	93,010	95,546	(2,536)
Total within the fiscal year	**3,460,602**	**3,801,643**	**(341,041)**
FAS building purchase	2,000,000	4,000,000	(2,000,000)
Total beyond the fiscal year	**2,000,000**	**4,000,000**	**(2,000,000)**
Total	**5,460,602**	**7,801,643**	**(2,341,041)**

The main variations which have taken place compared to the previous fiscal year are relative to the release which took place in the month of November 2018 of the debt to Unicredit leasing for the purchase of the photovoltaic system for Euro 55 thousand and the payment of the third of the debt to Firema in special administration for the purchase of the company complex on the basis of that reported in the acquisition agreement of the Branch of the company.

INCOME STATEMENT

• PRODUCTION VALUE

The **Production Value** amounts to €/thousand 73,086 (€/thousand 74,346 for the previous fiscal year) and is as follows:

•• Revenues from sales and services refer to the payments issued by clients in full and amount to €/thousand 50,560 (€/thousand 104,020 at 31 March 2018).

The geographic breakdown of the revenues is as follows:

Revenues	31/03/2019	31/03/2018
Italy	46,327,004	100,538,898
Abroad - Extra EEC (Norway)	4,232,831	3,480,686
Total	**50,559,835**	**104,019,584**

•• The balance of the **Variation in Work in progress for Orders in Hand** at 31 March 2019 is positive for €/thousand 5,006 (negative for €/thousand 28,183 at 31 March 2018). This entry, according to the provisions of the accounting principles, includes the changes of the year for the losses in closing expected for completing the projects in place for a an amount of €/thousand 887, beyond the gross variation of the inventories.

•• The increases of Intangible assets at 31 March 2019 are related to €/thousand 2,051 for developments costs capitalised for the design and construction of new technological platforms implemented and to be implemented on current and future projects.

•• Other Revenues and Income amounted to €/thousand 15,470 (€/thousand 3,515 at 31 March 2018). The increase of the period can be attributed mainly to the surplus originated following the positive development of the negotiations with various clients on ongoing projects and subsequent release of the Penalty provision for €/thousand 11, 530 and the Guarantee Fund for €/thousand 1,682.

• PRODUCTION COSTS

Production costs amounted to €/thousand 73,649 (€/thousand 83,869 as of 31 March 2018). An analysis of the main costs is shown below:

•• **Costs for Raw Materials, Ancillary Materials, Consumables and Goods** amount to€/thousand 28,818 (€/thousand 32,589 at 31 March 2018) and refer essentially to the purchase of components, semi-finished products and ancillary materials used to complete the orders.

•• **Costs for Services** amounted to €/thousand 9,143 (€/thousand 13,149 at 31 March 2018), as detailed below:

Service costs	31/03/2019	31/03/2018	Variations
Industrial third party services	3,565,689	5,933,522	(2,367,833)
Maintenance	254,462	557,853	(303,391)
Insurance	626,234	249,554	376,680
Consulting services and certifications	666,809	1,184,389	(517,580)
Utilities	670,250	721,319	(51,069)
Marketing and transportation costs	972,692	1,273,214	(300,522)
Common expenses and services	1,022,921	1,245,344	(222,423)
Personnel costs	622,297	812,784	(190,487)
Bank fees and charges	610,133	1,002,659	(392,526)
Directors and Board of Auditors and Supervisory Body Remunerations	123,000	133,095	(10,095)
Reimbursement for travel expenses and vehicles	8,650	35,076	(26,426)
Total	**9,143,138**	**13,148,809**	**(4,005,671)**

•• Costs for the enjoyment of leased third party assets, amounted to €/thousand 493 (€/thousand 469 at 31 March 2018) are as follows:

Costs for the enjoyment of leased third party assets	31/03/2019	31/03/2018	Variations
Industrial equipment rental	339,761	243,663	96,098
Real estate property rental	150,811	206,403	(55,592)
Other	1,509	19,018	(17,509)
Total	**492,082**	469,084	**22,998**

•• **Personnel costs** amounted to €/thousand 18,155 (€/thousand 19,071 at 31 March 2018) of which €/thousand 12,609 for salaries and wages, €/thousand 4,257 for INPS and INAIL social security fees, €/thousand 686 for end of employment indemnities and complementary funds, and €/thousand 603 for other personnel costs of which €/thousand 445 for early retirement incentives paid to personnel following the closing of the Milan and Spello sites.

•• **Amortisations** and **Depreciations** amounted to €/thousand 1,020 (€/thousand 2,190 at 31 March 2018), of which €/thousand 180 related to the amortisation of intangible fixed assets, €/thousand 840 to tangible fixed assets. For the variations which occurred during the fiscal year we refer to paragraph "Tangible fixed assets".

•• The **Variations to Inventories of Raw Materials, Ancillary Materials, Consumables and Goods** are positive in the amount of €/thousand 777 (positive for €/thousand 605 at 31 March 2018).

•• **Risk Provisions** (€/thousand 1,315) and **Other provisions** (€/thousand 8,268), totalling €/thousand 9,583 refer to provisions for risks and contingencies occurred in the current fiscal year. For details, see the section "Risks and Contingencies Provision".

•• **Other operating expenses** amounted to €/thousand 5,660 (€/thousand 2,551 at 31 March 2018).

Other operating expenses	31/03/2019	31/03/2018	Variations
Local taxes	724.991	747.496	(22.505)
Other taxes	17.136	26.806	(9.670)
Penalties	4.832.565	1.512.364	3.320.201
Other various costs	85.779	263.941	(178.162)
Total	**5.660.471**	**2.550.607**	**3.109.864**

• FINANCIAL INCOME AND CHARGES

•• The item **"Interest and other financial expenses"** shows a negative balance of €/thousand 1,836 (negative in the amount of €/thousand 2,877 at March 31st 2018).
The variations compared to the previous fiscal year are attributable mainly to the repayment of the shareholder financing during the period and to the interest accrued during the year of the loan with Bank of Baroda approved in the month of June 2018.
For more details on interest rates, please refer to the notes on the balance sheet items *"Payables to shareholders for financing"* and *"Payables to banks"*.

• CURRENT, DEFERRED AND PREPAID TAXES ON THE FISCAL YEAR'S INCOME

Current, deferred and prepaid taxes on the fiscal year's income amount to €/thousand 1,894. The following table details the breakdown of the balance:

Current, deferred and prepaid income taxes	31/03/2019	31/03/2018	Variations
Current IRES tax	0	352,306	(352,306)
Current IRAP tax	0	278,453	(278,453)
Deferred (prepaid) taxes	(215,087)	(2,772,511)	2,557,424
Previous fiscal year taxes	57,593	247,819	(190,226)
Total	**(157,494)**	**(1,893,933)**	**1,736,439**

•• **Current taxes**

The reconciliation of notional IRES and IRAP rates with the actual ones related to the fiscal year ended on 31 March 2019 is detailed below:

- ***IRES***

Riconciliazione Aliquota IRES	31/03/2019
Reddito ante Imposte (A)	**(2.398.189)**
Aliquota IRES (B)	24,0%
Imposta teorica (A*B)	**(575.565)**
Variazioni in aumento permanenti	**3.249.658**
Variazioni in aumento temporanee	**15.995.659**
Variazioni in diminuzione permanenti	**(1.305.241)**
Variazioni in diminuzione temporanee	**(20.050.557)**
Totale Variazioni (C)	**(2.110.481)**
Totale Reddito Imponibile (D= A+C)	**-4.508.670**
Imposta effettiva (E=D*B)	**-1.082.081**
Aliquota effettiva (E/A)	**0%**

- ***IRAP***

IRAP	Total variations
A-B	33,587,787
Temporary increase variations	
Total increase variations	**562,569**
Temporary decrease variations	
Total decrease variations	**20,050,557**
GROSS PRODUCTION VALUE	**14,099,799**
Deductions art. 11	15,247,110
Taxable income	-
Tax	-
Advanced Payments	111,381
Credit BALANCE	**111,381**

•• Prepaid and deferred taxes

For the current fiscal year, prepaid taxes were posted in the amount of €/thousand 215 (€/thousand 2,772 at 31 March 2018). Please refer to the notes under "Prepaid Tax receivables" for more details.

OTHER INFORMATION

• Transactions with related parties

According to the provisions of art. 2427 paragraph 22 bis of the Civil Code regarding transactions with related parties, it is confirmed that significant transactions were carried out during the fiscal year ended on 31 March 2019, which were carried out under normal market terms both regarding prices and commercial conditions as well as regarding the underlying reasons that originated them.

The following is a breakdown of the transactions with related parties at the financial statements data at 31 March 2019 and 31 March 2018:

31/03/2018	Operating costs	Financial charges	Trade payables	Financial liabilities
Titagarh Wagons Limited	416,704	31,333	112,844	6,031,333
Titagarh Singapore PTE Limited	-	2,047,265	-	22,250,878
AFR Titagarh Wagons	32,894	-	32,894	-

31/03/2019	Operating costs	Financial charges	Trade payables	Financial liabilities
Titagarh Wagons Limited	18,020	76,914		15,444
Titagarh Singapore PTE Limited		384,124		3,828,195
AFR Titagarh Wagons			34,641	

- **Financial Instruments**

Neither financial instruments nor other instruments with equity or shareholding rights have been issued by the Company. Furthermore, the Company has no derivative or hedging derivative instruments in place.

- **Allocation of assets**

There are no assets allocated to or assigned to the completion of a specific business transaction.

- **Treasury shares**

It is noted that pursuant to art. 2357 of the Civil Code there are neither treasury shares nor shares or quotas of parent companies held by the company even through trust companies or third parties, and that neither treasury shares nor shares or quotas of parent companies have been purchased and/or sold by the company, during the fiscal year, even through a trust company, or through a third party.

- **Guarantees, risks and commitments**

With regard to the guarantees, risks and commitments, it should be noted that, at the date of preparation of this document, the Company provided different guarantees and/or securities for the participation in and/or awarding of tenders. Here below are all the guarantees provided during the fiscal year:

- Bank guarantee for Ferrovie Nord Milan issued in the month of March 2019 for €/thousand 4.154 due on 31 March 2020;
- Insurance surety issued to the Ministry of infrastructure and transportation government management Circumetnetnea Etna Railway for €/thousand 10,791 following the awarding of the tender in the month of February 2019 with a coverage period of eight years as provided for contractually.

However, it should be noted that the Company at 31 March 2019 received bank guarantees from suppliers for the payment of advanced payments in the amount of €/thousand 2,514 (€/thousand 3,233 at 31 March 2018).

REMUNERATIONS TO DIRECTORS AND OVERSIGHT BODIES

At 31 March 2019 the remunerations paid to the members of the Board of Directors amounted to €/thousand 25, those for the members of the Board of Statutory Auditors amounted to €/thousand 53 and the remunerations for the members of the supervisory board amounted to €/thousand 45. Finally, the remunerations for the Auditing Company amounted to €/thousand 29.

Caserta, 28 August 2019

The Chairman of the Board of Directors