



Annual Report
at December 31, **2018**

Financial Statements

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BALANCE SHEET

(in euros)		Year 2018	Year 2017
ASSETS:			
note * NON-CURRENT ASSETS			
1	Intangible assets	31.696	39.110
2	Property, plant and equipment	6.736.474	6.344.704
3	Non-current financial assets	2.305.713	2.299.004
	Total non-current assets	9.073.883	8.682.818
CURRENT ASSETS			
4	Inventories	6.097.643	3.055.481
5	Trade and other receivables	4.608.253	5.425.785
6	Cash and cash equivalents	4.650.980	4.795.634
7	Current financial assets	1.956.882	782.798
8	Other current assets	89.505	57.400
	Total current assets	17.403.263	14.117.098
	TOTAL ASSETS	26.477.146	22.799.916

(*) The Notes constitute an integral part of the Financial Statements.

EQUITY AND LIABILITIES:		Year 2018	Year 2017
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	1.152.696	987.814
	Retained earnings	637.372	611.350
	Reserve from exchange gains	6.762	27.512
	Net profit	3.155.109	3.297.653
	Total equity	12.451.939	12.424.329
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	226.344	225.456
11	Other non-current liabilities	215.759	151.719
	Total non-current liabilities	442.103	377.175
CURRENT LIABILITIES			
12	Trade payables	3.460.191	2.674.889
12	Current tax liabilities	161.963	522.952
12	Other current liabilities	9.711.050	6.318.327
13	Accrued liabilities and deferred income	249.900	482.244
	Total current liabilities	13.583.104	9.998.412
	TOTAL LIABILITIES	14.025.207	10.375.587
	TOTAL LIABILITIES AND EQUITY	26.477.146	22.799.916

(*) The Notes constitute an integral part of the Financial Statements.

INCOME STATEMENT

(in euros)	Year 2018	Year 2017
note REVENUES		
14 Net sales from operations	18.265.738	15.773.218
Other revenues and income	99.133	203.876
Total revenues	18.364.871	15.977.094
OPERATING EXPENSES		
15 Raw materials and consumables	6.381.064	5.069.530
16 Services	3.181.795	2.268.235
17 Payroll and related costs	3.271.011	3.055.288
18 Depreciation and amortization	541.186	465.869
Provision for risk and charges	60.016	---
Other operating expenses	640.437	642.471
Total operating expenses	14.075.509	11.501.393
OPERATING PROFIT	4.289.362	4.475.701
Financial income (expense)		
Financial income	70.955	67.669
Financial expense	---	-24.560
Total financial income (expense)	70.955	43.109
Adjustments to financial assets		
Write-downs of financial assets	55.917	---
PROFIT BEFORE INCOME TAXES	4.304.400	4.518.810
Income taxes	1.149.291	1.221.157
NET PROFIT	3.155.109	3.297.653

(*) The Notes constitute an integral part of the Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

in euros	Share capital	Legal reserve	Retained earnings	Reserve from exchange gains	Net profit	Total
December 31, 2016	7.500.000	884.789	556.401	---	2.060.488	11.001.678
Retained earnings and allocation to legal reserve and reserve from exchange gains		103.025	54.951	27.512	-185.488	
Distributed dividends					-1.875.000	-1.875.000
Rounding			-2			-2
Net profit 2017					3.297.653	3.297.653
December 31, 2017	7.500.000	987.814	611.350	27.512	3.297.653	12.424.329
Retained earnings and allocation to legal reserve		164.883	5.270	-	-170.153	
Distributed dividends					-3.127.500	-3.127.500
Partial release of reserve from exchange gains			20.752	-20.752		
Rounding		-1		2		1
Net profit 2018					3.155.109	3.155.109
December 31, 2018	7.500.000	1.152.696	637.372	6.762	3.155.109	12.451.939

CASH FLOW STATEMENT 2018

Year 2018

Year 2017

A.CASH FLOW FROM OPERATING ACTIVITIES

Net profit	3.155.109	3.297.653
Income taxes	1.149.291	1.221.157
Interests (Income) and expenses	-63.594	-67.669
(Dividends)		---
Loss (Gain) on disposal of non-current assets	-5.734	-70.500
1. Profit before income taxes, interests, dividends, gains/losses on disposals	4.235.072	4.380.641
<hr/>		
Adjustments for		
Provisions	69.248	8.629
Amortization	524.485	441.865
2. Cash flow from operating activities before changes in net working capital	4.828.805	4.831.135
<hr/>		
Changes in net working capital		
Decrease (Increase) in inventories	-3.042.162	-67.114
Decrease (Increase) in trade receivables	852.919	-1.454.161
Increase (Decrease) in trade payables	785.302	-576.945
Decrease (Increase) in other current assets	-32.105	-7.932
Increase (Decrease) in accrued liabilities and deferred income	-232.344	69.544
Other changes in net working capital	3.464.654	2.224.804
3. Cash flow after changes in net working capital	6.625.069	5.019.331
<hr/>		
Other changes		
Interest received (paid)	63.594	67.669
(Income taxes paid)	-1.615.987	-1.180.112
Dividends received	---	---
(Release of provisions)	-5.930	-43.345
CASH FLOW FROM OPERATING ACTIVITIES (A)	5.066.746	3.863.543

B. CASH FLOW FROM INVESTING ACTIVITIES

Property, plant and equipment		
(Investments)	-882.392	-1.050.732
Proceeds from disposal of property, plant and equipment	9.635	70.500
Intangible assets		
(Investments)	-30.350	-59.924
Non-current financial assets		
(Investments)	-6.709	---
Proceeds from disposal of non-current financial assets		20.725
Current financial assets		
(Investments)	-1.174.084	113.325
CASH FLOW FROM INVESTING ACTIVITIES (B)	-2.083.900	-906.106

C. CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	-3.127.500	-1.875.000
CASH FLOWS FROM FINANCING ACTIVITIES (C)	-3.127.500	-1.875.000
Increase (Decrease) in cash and cash equivalents	-144.654	1.082.437
Cash and cash equivalents at beginning of period	4.795.634	3.713.197
Cash and cash equivalents at end of period	4.650.980	4.795.634

BASIS OF PRESENTATION

Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2018, are composed of the Balance Sheet, the Income Statement, the Cash Flow Statement and the Notes and are prepared according to the general principles set forth in the Italian Legislative Decree n. 127 dated April 9, 1991, which fulfils the Fourth and Seventh EC Directives and in the Italian Legislative Decree n. 139 dated August 18, 2015. These principles have been integrated with the accounting principles elaborated by the Organismo Italiano Contabilità (O.I.C.).

Balance Sheets, Income Statements and Cash Flow Statements items having a balance equal to zero are not disclosed; all amounts indicated in these Financial Statements are expressed in euros and compared with previous year.

Presentation Criteria

The Financial Statements are comprised of the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and the Notes thereto.

The Income Statement is classified on the basis of the nature of costs.

In the Balance Sheet, assets and liabilities are classified on a current/non-current basis.

Current assets, which include cash and cash equivalents, are those held for realization, sale or consumption in the Company's normal operating cycle. Current liabilities are those expected to be settled in the Company's normal operating cycle or within one year from the Balance Sheet date.

The Financial Statements have been prepared using the historic cost method.

The Financial Statements and the figures in the Notes have been prepared in euros, unless otherwise specified.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies used for the preparation of the Financial Statements are shown below.

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which have no risk of changes in value.

Receivables

Receivables are shown at estimated realizable value and written down by way of the doubtful credits allowance.

Inventories

Inventories, with the exception of work-in-progress and semi-finished goods, are stated at the lower of purchase cost and net realizable value. Net realizable value is defined as the estimated selling price of the inventory in the ordinary course of business.

The cost of inventories is determined by applying the L.I.F.O. method.

Work-in-progress and semi-finished goods are stated on the basis of production cost calculated on the basis of the work performed.

The valuation of work-in-progress considers all directly related costs.

Non-current Assets

Property, Plant and Requirement

Tangible assets, including investment properties, are recognized using the cost model and stated at their purchase or production cost including ancillary costs which can be directly attributed to them as are required to make the asset ready for use.

Tangible assets, from the moment they begin or should begin to be used, are depreciated systematically.

The amount to be depreciated is represented by the book value.

Assets are depreciated systematically on the basis of rates determined in accordance with their residual value and estimated useful lives and according to the amortization rates stated by Decree by Ministry – D.M. 29/10/1974 and 31/12/1988.

The rates used are as follows:

Industrial buildings	3%
Plant and machinery	10%
Industrial equipment	25%
Photovoltaic plant	9%
Office equipment	20%
Office furniture	12%
Trucks	20%
Cars	25%

Ordinary maintenance and repair costs are expensed when incurred.

Intangible Assets

Intangible assets are assets without physical substance, controlled by the Company and able to produce future economic benefits. Intangible assets are stated at cost as determined by the criteria used for tangible assets.

No revaluation is made of intangible assets.

Intangible assets are amortized systematically over their useful life estimated as the period over which the assets will be used by the Company.

Financial Fixed Assets

Investments in associates are accounted for at cost.

Receivables and other financial assets are stated at cost.

Liabilities

Payables

Payables are booked at face value.

Accruals and Deferrals

Costs and incomes pertaining to more than one year are booked on an accruals basis.

Reserve for Severance Indemnities

The reserve for severance indemnities covers the liability to all employees, accrued in accordance with current laws and labour contracts. The liability is index-linked.

Revenues

Revenues associated with sales of products and services, with the exception of contract work-in-progress, are recorded when significant risks and rewards of ownership pass to the customer or when the transaction can be considered settled and associated revenue can be reliably measured.

Revenues are stated net of returns, discounts, rebates and bonuses.

Costs

Costs are recognized when the related goods and services are sold, consumed or allocated.

Labour costs comprise remuneration paid, provisions made to pension funds, accrued holidays, national insurance and social security contributions in compliance with national contracts of employment and current legislation.

Exchange Rate Differences

Revenues and costs concerning transactions in currencies are stated at the exchange rate on the date of the transaction.

Assets and liabilities in currencies are converted into euros by applying the year-end exchange rate and the effect is stated in the Income Statement.

Income Taxes

Current income taxes are determined on the basis of estimated taxable income. The estimated liability is recognized in “Current tax liabilities”. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted by the Balance Sheet date.

NOTES TO THE BALANCE SHEET

ASSETS

NON CURRENT ASSETS

1 Intangible Assets

The breakdown of intangible assets at the end of the financial year is as follows:

	Year 2017	Increases	Decreases	Year 2018
Industrial patents and rights to use intellectual properties	98.562	13.238	---	111.800
(Depreciation)	-96.146	-9.035	---	-105.181
Brands	2.282	---	---	2.282
(Depreciation)	-634	-126	---	-760
Software	42.266	17.112	-12.174	47.204
(Depreciation)	-27.220	-23.603	12.174	-38.649
Other intangible assets	20.000	---	-5.000	<u>15.000</u>
				31.696

2 Tangible Assets

The breakdown of net tangible assets, compared with 2017, is as follows:

	Year 2017	Increases	Decreases	Year 2018
Land and buildings	6.007.032	---	---	6.007.032
(Depreciation)	-2.086.969	-160.060	---	-2.247.029
Vehicles	258.254	50.504	-86.466	222.292
(Depreciation)	-197.852	-27.013	82.755	-142.110
Plant and machinery	5.024.511	1.063.767	-40.359	6.047.919
(Depreciation)	-3.016.250	-273.476	40.359	-3.249.367

Industrial equipment	199.162	617	-2.004	197.775
(Depreciation)	-180.845	-5.817	2.004	-184.658
Office furniture	46.021	9.081	---	55.102
(Depreciation)	-40.181	-1.337	---	-41.518
Office equipment	305.343	45.764	-15.462	335.645
(Depreciation)	-264.715	-19.020	15.271	-268.464
Other tangible assets	20.382	---	---	20.382
(Depreciation)	-16.527	---	---	-16.527
Assets in progress	287.338	---	-287.338	
				6.736.474

Tangible assets were subject to monetary revaluations in accordance to specific regulations (Italian laws no. 576/1975 - 72/1983 - 413/1991 - 185/2008). The detail of monetary revaluations made during the years is the following:

Asset	Original cost	Rev. 576/75	Rev. 72/83	Rev. 413/91	Rev. 185/08
Machinery	53.907	6.728	12.583		
Industr. equip.nt	216		151		
Office equip.nt	3.675		1.395		
Buildings	244.792	45.412	164.151	40.006	
Buildings	1.302.540				4.208.617

3 Non-current Financial Assets

INTERESTS IN ASSOCIATES AND OTHER COMPANIES (balances at the date of Financial Statement - December 31, 2018)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
URETEC Srl	Villanova M.vi	100.000	2.323.480	156.819	67,50%	1.453.293
SICMA USA CORP*	Concord New Hampshire – USA	878	22.154	2.981	100,00%	16.376
SME Srl	Villanova M.vi	115.000	503.396	8.894	17,67%	353
COMAC Srl	Villanova d'Asti	100.000	2.422.887	46.832	40%	660.000

* Balance sheet at December 31, 2017

OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 175.685 in interest-free loan to the subsidiary Sicma USA Corp.

CURRENT ASSETS

4 Inventories

	dec.31.2018	dec.31.2017	difference
Raw materials and supplies	597.715	374.153	223.562
Work in progress and semi-finished goods	5.499.928	2.681.328	2.818.600
	<hr/>	<hr/>	
	6.097.643	3.055.481	3.042.162

5 Trade and Other Receivables

RECEIVABLES	dec.31.2018	dec.31.2017	difference
Trade receivables	3.910.913	4.772.961	-862.048
Commercial paper	47.381	27.131	20.250
Invoices to be issued	4.900	884	4.016
(Allowance for doubtful credits)	-128.599	-112.229	-16.370
Trade receivables (net of allowance for doubtful credits)	<hr/>	<hr/>	
	3.834.595	4.688.747	-854.152
VAT credit – Italy	387.556	510.804	-123.248
Income tax credits	183.374	67.288	116.086
VAT credit – Germany	---	879	-879

VAT credit – Belgium	9.125	---	9.125
Advances to suppliers	161.320	110.700	50.620
Guarantee deposits	4.022	7.429	-3.407
Parent company receivables	2.002	769	1.233
Other receivables	26.259	39.169	-12.910
	<hr/>		
	4.608.253	5.425.785	-817.532

6 Cash and Cash Equivalents

	dec.31.2018	dec.31.2017	difference
Cash on hand	10.438	11.989	-1.551
Bank Accounts	4.640.542	4.783.645	-143.103
	<hr/>		
	4.650.980	4.795.634	-144.654

7 Current Financial Assets

	dec.31.2018	dec.31.2017	difference
Administratively Regulated Deposits	1.956.882	782.798	1.174.084

8 Other Current Assets: Pre-Paid Expenses and Accruals

	dec.31.2018	dec.31.2017	difference
Prepayments	89.505	57.400	32.105
	<hr/>		
	89.505	57.400	32.105

Consist of the following:

Prepayments:

Insurance	31.159
Sureties commissions	5.451
Service fees	16.588

Accident prevention material	2.377
Commissions	33.215
Others	715

EQUITY & LIABILITIES

9 NET EQUITY

The breakdown is as follows (movements are disclosed in the Statement of Changes in Shareholders Equity):

	dec.31.2018	dec.31.2017	difference
Share capital	7.500.000	7.500.000	---
Legal reserve	1.152.696	987.814	164.882
Retained earnings	637.372	611.352	26.020
Reserve from exchange gains	6.762	27.512	-20.750
Net profit	3.155.109	3.297.653	-142.544
	<hr/>	<hr/>	
	12.451.939	12.424.331	27.608

NON-CURRENT LIABILITIES

10 Provisions for Employee Benefits

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2018 consists of euros 226.344 and fully provides for liabilities towards affected employees according to current legislation; variations in this fund were as follows:

opening balance	decreases	increases	closing balance
225.456	5.930	6.818	226.344

11 Provisions

	Year 2017	Increases	Decreases	Year 2018
Managing directors termination indemnity	55.535	---	---	55.535
Agents termination indemnity	4.578	2.413	---	6.991
Deferred tax liabilities	1.622	1.611	---	3.233
Reserves for contingencies	89.984	60.016	---	150.000
	<hr/>			
	151.719	64.040	---	215.759

12 **CURRENT LIABILITIES**

Current liabilities consist of the following:

	dec.31.2018	dec.31.2017	difference
Trade payables	3.460.191	2.674.889	785.302
Due to tax offices	---	352.221	-352.221
Employee income tax withholding	158.394	169.189	-10.795
	<hr/>		
	158.394	521.410	-363.016
Advances from customers	9.149.147	5.779.349	3.369.798
Contributions to social security and welfare organizations	222.814	212.305	10.509
Payables to Employees	262.283	266.104	-3.821
Other payables	80.375	62.111	18.264
	<hr/>		
	13.333.204	9.516.168	3.817.036

At December 31, 2018 there were no short or long term bank loans.

13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	dec.31.2018	dec.31.2017	difference
Deferred income	249.900	482.244	-232.344

Deferred income consists of euros 249.900 suspended revenues in relation to specific jobs that are not yet fully complete.

NOTES TO THE INCOME STATEMENT

14 REVENUES

In the year 2018, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	2.646.426
EU Countries	3.784.704
Russian Federation	1.782.474
Asia – Australia	4.472.271
Americas	496.468
Africa	---
Spare parts, maintenance service and others	2.264.795
+/- Changes in contract work in progress	2.818.600
	18.265.738

OPERATING EXPENSES

15 Raw Materials and Consumables

This caption includes costs incurred to purchase materials used in ordinary operations and plant maintenance. It consists of the following:

	dec.31.2018	dec.31.2017	difference
Raw, ancillary and consumable materials and goods	6.604.626	5.046.392	1.558.234
Variations in inventories	-223.562	23.138	-246.700
	6.381.064	5.069.530	1.311.534

16 Services

This caption includes especially industrial services.

	dec.31.2018	dec.31.2017	difference
Services	3.181.795	2.268.235	913.560

17 Payroll and Related Costs

This caption includes the cost of wages and salaries, social security contributions and other costs incurred by the Company.

It consists of the following:

	dec.31.2018	dec.31.2017	difference
Wages and salaries	2.373.933	2.233.642	140.291
Social security contributions	724.650	667.538	57.112
Employee termination indemnities	142.483	136.102	6.381
Others	29.945	18.006	11.939
	<hr/>	<hr/>	
	3.271.011	3.055.288	215.723

18 Depreciation and Amortization

These relate to accruals during the year calculated on the basis of amortization rates that reflect the useful lives of the Company's plant, property and equipment and intangible assets.

The breakdown is as follows:

	dec.31.2018	dec.31.2017	difference
Amortization of intangible assets	37.764	35.786	1.978
Amortization of tangible assets	486.721	406.079	80.642
Write-down of receivables among current assets	16.701	24.004	-7.303
	<hr/>	<hr/>	
	541.186	465.869	75.317

ADDITIONAL INFORMATION

A) FINANCIAL EXPENSES BOOKED TO ASSETS IN THE BALANCE SHEET

No material financial interest costs are booked to assets in the Balance Sheet.

B) MEMORANDUM ACCOUNTS – GUARANTEES, COMMITMENTS AND COLLATERALS

Sureties: these consist of sureties issued by banks in favour of costumers to guarantee the regular construction of plants and machinery (euros 6.182.903).

C) AVERAGE NUMBER OF EMPLOYEES

The average number of employees, by category, is as follows:

White collar 27, Blue collar 43.

D) EMOLUMENTS TO THE DIRECTORS AND TO THE STATUTORY AUDITORS

Emolument to Managing Directors: euros 385.000.

Emolument to Statutory Auditors: euros 15.288.

E) SHARE CAPITAL

As of December 31, 2018, share capital was made up as follows:

Shares	number	value €	total share capital
Ordinary	7.500.000	1,00	7.500.000

F) OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

There are no obligations not recorded in the Statement of Assets and Liabilities.

G) DERIVATIVE CONTRACTS

At December 31, 2018 the Company had no derivative instruments.

H) LEASING CONTRACTS

At December 31, 2018, the Company had no leasing contracts.

On behalf of the Board of Directors

The Chairman Romano Bertolino